
COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
as sublessor

AND

COCKAIGNE DEVELOPMENT LLC
as sublessee

AND

COCKAIGNE RESORT, LLC
as Operator

AGENCY LEASE AGREEMENT
(UNIFORM PROJECT AGREEMENT)

DATED AS OF June 1, 2018

ADDRESS: 1493 Thornton Road
TOWN: Cherry Creek
COUNTY: Chautauqua
STATE: New York

Prepared By:

Phillips Lytle LLP
201 West Third Street, Suite 205
Jamestown, New York 14701
Attention: Gregory Peterson, Esq.

- SCHEDULE A - List of Appointed Agents
- SCHEDULE B-1 - NYS Form ST-123 for Cockaigne Development LLC
- SCHEDULE B-2 - NYS Form ST-123 for Cockaigne Resort, LLC
- SCHEDULE B-3 - Invoice Rider Form
- EXHIBIT A - Description of the Land
- EXHIBIT B - Description of the Equipment
- EXHIBIT C - Form of Termination of Company Lease
- EXHIBIT D - Forms of Bill of Sale to Company and Operator
- EXHIBIT E - Form of Sales Tax Agency Agreement
- EXHIBIT F - Form of Termination of Agency Lease Agreement
- EXHIBIT G - Forms of Annual Employment Reports
- EXHIBIT H - Copy of PILOT Agreement
- EXHIBIT I - Form ST-60 for Cockaigne Development LLC and Cockaigne Resort, LLC
- EXHIBIT J - Sales Tax Sub-Agency Agreement
- EXHIBIT K - Form ST-340 to be Completed by Cockaigne Development LLC and Cockaigne Resort, LLC

**AGENCY LEASE AGREEMENT
(UNIFORM PROJECT AGREEMENT)**

THIS AGENCY LEASE AGREEMENT (UNIFORM PROJECT AGREEMENT) dated as of June 1, 2018 (this "Lease") by and between the COUNTY OF CHAUTAUQUA 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 an office at 201 West Third Street, Suite 115, Jamestown, New York 14701 (the "Agency"), and COCKAIGNE DEVELOPMENT LLC, a domestic limited liability company having an office at 1493 Thornton Road, Cherry Creek, New York 14723 (the "Company"), and COCKAIGNE RESORT, LLC, (the "Operator").

W I T N E S S E T H :

WHEREAS, the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") authorizes and provides for the creation of industrial development agencies in the several counties, cities, villages and towns in the State of New York and empowers such agencies, among other things, to promote, develop, encourage and assist in the acquiring, renovating, construction, reconstruction, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, among others, including industrial pollution control facilities, and to thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, in accordance with the provisions of the Enabling Act, the Agency was established pursuant to Chapter 71 of the 1972 Laws of the State of New York, as amended, constituting Section 895-h of the New York General Municipal Law (said Chapter and the Enabling Act, each as amended from time to time, collectively, the "Act"), for the benefit of the County of Chautauqua and its inhabitants; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, renovate, construct, reconstruct and install one or more "projects" (as defined in the Act), or to cause said projects to be acquired, renovate, constructed, reconstructed and installed and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, an application was presented to the Agency (as amended, the "Application") by Cockaigne Development LLC (the "Applicant"), requesting that the Agency consider undertaking a project (the "Project") consisting of the following: (A) (1) the acquisition of an interest in approximately 425 acres of land of the Cockaigne Recreation Center located at 1493 Thornton Road, Cherry Creek, County of Chautauqua, New York 14723 (collectively, the "Land"), (2) the construction of an approximately 10,000 square foot lodge and an approximately 3,000 square foot stage located on the Land and (3) the renovation of approximately a 1,000 square foot A-frame building on the Land (collectively, the "Buildings"), and potential driveway, parking, landscaping and related improvements to the Land (together with the Buildings, collectively, the "Facility"), and (3) renovation of certain existing furniture,

fixtures, machinery and equipment as well as the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment on the Land (the “Equipment”), all of the foregoing for use by the Applicant as a four-season recreation facility and ski resort (collectively, the “Project Facility”); (B) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions or partial exemptions from sales and use taxes, mortgage recording taxes and real property taxes (but not special assessments or ad valorem levies) (collectively, the “Financial Assistance”); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Applicant or such other entity as may be designated by the Applicant and agreed upon by the Agency; and

WHEREAS, the description of the Project as described herein, has been condensed from the original application as a result of project scope clarifications and all authorizations by the Agency were made pursuant to the larger scope of the Project; and

WHEREAS, the members of the Agency passed a preliminary resolution (the “Preliminary Resolution”) on June 27, 2017 authorizing the Agency to conduct preliminary actions toward the acquisition and straight leasing of the Project and also authorizing the execution and delivery of a preliminary agreement (the “Preliminary Agreement”) with the Company with respect to the Project; and

WHEREAS, the Agency and Company entered into the Preliminary Agreement on June 27, 2017; and

WHEREAS, the Executive Director of the Agency (A) caused notice of public hearings of the Agency pursuant to Section 859-a of the Act (the “Public Hearing(s)”) to hear all persons interested in the Project and the Financial Assistance contemplated by the Agency with respect to the Project, to be mailed on July 13, 2017 to the chief executive officer of the County of Chautauqua, New York (the “County”) and of each other affected tax jurisdiction within which the Project Facility is or is to be located; (B) caused notice of the Public Hearings to be published on July 14, 2017 in the *Post-Journal*, a newspaper of general circulation available to residents of the City of Jamestown and the County; (C) conducted a Public Hearing on July 26, 2017 at 5:00 p.m. at the Town of Cherry Creek, Town Hall, 6845 Main Street, Cherry Creek, County of Chautauqua New York and (D) prepared a report of the Public Hearing (the “Report”) which fairly summarizes the views presented at the Public Hearing and distributed the Report to the members of the Agency on July 28, 2017 by email; and

WHEREAS, pursuant to Article 8 of the New York Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the “SEQR Act”) and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York, being 6 NYCRR Part 617, et. seq., as amended (the “Regulations” and collectively with the SEQR Act, “SEQRA”), the Agency must satisfy the requirements contained in SEQRA prior to making a final determination whether to undertake the Project; and

WHEREAS, following the Agency’s review of the environmental documentation submitted by the Company as Lead Agency for the Project, the Agency determined that the Project constitutes an Unlisted Action, and the Agency passed a resolution on August 22, 2017 and issued its negative declaration in connection with the Project because the Agency’s

environmental review of the Project revealed that it will not have any significant adverse environmental impacts; and

WHEREAS, by resolution adopted by the members of the Agency on August 22, 2017 (the “Authorizing Resolution”), the Agency, following a review of the Report, determined to proceed with the Project, to grant the Financial Assistance (as hereinafter defined) and to enter into the “straight lease transaction” (as such quoted term is defined in the Act) contemplated by this Agency Lease and the other Transaction Documents (as hereinafter defined); and

WHEREAS, subsequent to the date of the Authorizing Resolution, the Applicant revised its project as initially described within the Authorizing Resolution, and members of the Agency were thereafter notified of revisions to the initial project as so described within the Authorizing Resolution, at a meeting open to the public on April 25, 2018, whereat it was determined that it was not necessary to otherwise amend or revise the Authorizing Resolution; and

WHEREAS, the Agency proposes to appoint the Company as agent of the Agency to undertake the acquisition, construction, installation and equipping of the Project Facility and to lease the Project Facility from the Company, and the Company desires to act as agent of the Agency to undertake the acquisition, construction, installation and equipping of the Project Facility and to sublease the Project Facility from the Agency, all pursuant to the terms and conditions hereinafter set forth in this Agency Lease and in the other Transaction Documents; and

WHEREAS, the acquisition of an interest in the Project Facility, the straight lease of the Project Facility and the granting of the Financial Assistance by the Agency to the Company are for proper purposes, including, without limitation, the advancement of the job opportunities, health, general prosperity and economic welfare of the inhabitants of the State of New York and the prevention of unemployment and economic deterioration pursuant to the provisions of the Act; and

WHEREAS, the members of the Agency have determined that (i) the granting of the Financial Assistance by the Agency to the Company is necessary to induce the Company to proceed with the Project, and (ii) there is a likelihood that the Project would not be undertaken but for the granting of the Financial Assistance by the Agency to the Company; and

WHEREAS, The Project Facility is, and so long as this Lease shall remain in effect, the Project Facility will continue to be a “project”, as such quoted term is defined in the Act, and the Company will not take any action (or omit to take any action), or allow any action to be taken or not taken, which action, inaction or omission would in any way cause the Project Facility not to constitute a “project”, as such quoted term is defined in the Act; and

WHEREAS, The Project constitutes a project where the facilities will be used in making Retail Sales (as defined below) to customers who personally visit the Project Facility, and the cost of the Retail Sales portion of the Project constitutes more than one-third of the total cost of the Project, however, the Project is permissible as a Tourism Destination Project under the Act and the Agency’s Uniform Tax Exemption Policy (the “UTEP”) because the Project is likely to attract a significant number of visitors from outside the economic development region (as

established by section two hundred thirty of the economic development law and the UTEP) in which the Project is located. "Retail Sales" means (i) sales by a registered vendor under Article 28 of the Tax Law of the State primarily engaged in the retail sale of tangible personal property, as defined in section 1101(b)(4)(i) of the Tax Law of the State, or (ii) sales of a service to such customers; commercial facility. The Project will advance the Agency's purposes by promoting employment opportunities and preventing economic deterioration in the County; and

WHEREAS, immediately prior to the execution and delivery of this Agency Lease, the Company will execute and deliver or cause to be executed and delivered to the Agency a certain company lease agreement of even date herewith (the "Company Lease") between the Company and the Agency, which conveys to the Agency leasehold interest in and to the Premises (as hereinafter defined); and

WHEREAS, pursuant to a certain Payment in Lieu of Taxes Agreement of even date herewith between the Company and the Agency (the "PILOT Agreement"), the Company has agreed to make certain payments in lieu of real property taxes with respect to the Premises and the Agency has agreed to file certain paperwork for real property tax abatement; and

WHEREAS, in order to finance a portion of the costs of the Project, a bank, trust company or other financial institution (the "Bank"), may make loans to the Company in the aggregate principal amount of up to \$2,400,000.00 (the "Bank Loan"), which Bank Loan would be evidenced by one (1) or more promissory notes and/or loan agreements (together with all modifications, renewals and replacements therefore, collectively, the "Bank Note") made by the Company to the Bank in the aggregate principal amount of the Bank Loan; and

WHEREAS, in order to secure the obligations of the Company to the Bank under the Bank Note, the Company may execute and deliver one (1) or more mortgages in favor of the Bank in the maximum aggregate principal amount of the Bank Loan (collectively, the "Bank Mortgage"), which Bank Mortgage the Agency may execute for the sole purpose of subjecting to the lien thereof its interest in the Premises, and pursuant to which Bank Mortgage the Company and the Agency would grant to the Bank a mortgage lien on the Premises.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE MUTUAL COVENANTS HEREINAFTER CONTAINED, THE PARTIES HERETO HEREBY COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I DEFINITIONS

SECTION 1.1 DEFINITIONS. The following words and terms used in this Agency Lease shall have the respective meanings set forth below, unless the context or use indicates another or different meaning or intent:

"Act" shall have the meaning assigned to such term in the recitals to this Agency Lease.

"Administrative Fee" shall have the meaning assigned to such term in Section 5.3 of this Agency Lease as negotiated by the Agency and the Company.

“Affiliate” of a Person shall mean a Person who directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, such Person. The term “control” means (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, or (ii) the ownership, either directly or indirectly, of at least fifty-one percent (51%) of the voting stock or other equity interest of such Person.

“Agency” means (A) the County of Chautauqua Industrial Development Agency and its successors and assigns, and (B) any public benefit corporation or other public corporation resulting from or surviving any consolidation or merger to which the County of Chautauqua Industrial Development Agency, or its successors or assigns, may be a party.

“Anti-Terrorism Laws” means any applicable laws relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act, applicable laws comprising or implementing the Bank Secrecy Act, and applicable laws administered by the United States Treasury Department’s Office of Foreign Asset Control (as any of the foregoing may from time to time be amended, renewed, extended, or replaced).

“Applicable Law” or “Applicable Laws” means, individually or collectively as the context may require, all current and future statutes, codes, laws, acts, ordinances, treaties, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions, determinations and requirements, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to or affect the Project Facility or any part thereof or the conduct of work on the Project Facility or any part thereof or to the operation, use, manner of use or condition of the Project Facility or any part thereof (the applicability of the foregoing to be determined both as if the Agency were the owner of an interest in the Project Facility and as if the Company and not the Agency were the owner of an interest in the Project Facility), including but not limited to (1) applicable health, building, zoning, use, rent, accessibility, environmental, planning and subdivision laws, ordinances, rules and regulations of Governmental Authorities having jurisdiction over the Project Facility, (2) restrictions, conditions or other requirements applicable to any permits, licenses or other governmental authorizations issued with respect to the foregoing, (3) judgments, decrees, orders or injunctions issued by any court or other judicial or quasi-judicial Governmental Authority, and (4) applicable covenants and restrictions relating in any way to the Project Facility.

“Application” shall have the meaning assigned to such term in the recitals to this Agency Lease.

“Authorizing Resolution” shall have the meaning assigned to such term in the recitals to this Agency Lease.

“Authorized Representative” means the Person or Persons at the time designated to act on behalf of the Agency or the Company, as the case may be, by written certificate furnished to the Agency or the Company, as the case may be, containing the specimen signature of each such Person and signed on behalf of (A) the Agency by its Chairman, Vice-Chairman, Secretary, Executive Director, Chief Financial Officer or such other Person as may be authorized by resolution of the members of the Agency to act on behalf of the Agency, and (B) the Company

by its President or any Vice President, if a corporation, or a member or a manager, if a limited liability company, or a general partner, if a partnership, or such other Person as may be authorized in writing by the members of such limited liability company or by the board of directors of such corporation or by the general partner of such partnership, to act on behalf of the Company, as the case may be.

“Bank” shall have the meaning assigned to such term in the recitals to this Lease, together with such entity’s successors and/or assigns, provided that the Agency is given notice of any such succession or assignment in accordance with Section 12.1 of this Lease.

“Bank Loan” shall have the meaning assigned to such term in the recitals to this Lease.

“Bank Mortgage” shall have the meaning assigned to such term in the recitals to this Lease.

“Bank Note” shall have the meaning assigned to such term in the recitals to this Lease.

“Bill of Sale to Company” means the bill of sale from the Agency to the Company, pursuant to which the Agency conveys to the Company all of the Agency’s interest in the Equipment, substantially in the form attached as Exhibit D to this Agency Lease.

“Bill of Sale to Operator” means the bill of sale from the Agency to the Operator, pursuant to which the Agency conveys to the Operator all of the Agency’s interest in the Equipment, substantially in the form attached as Exhibit D to this Agency Lease.

“Building” shall have the meaning assigned to such term in the recitals to this Agency Lease.

“Business Day” means a day on which banks located in the County are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Closing” means the closing at which this Agency Lease and the other Transaction Documents are executed and delivered by the Company, the Agency and the other parties thereto.

“Closing Date” means the date of the Closing.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Treasury Department promulgated thereunder.

“Collateral” shall have the meaning assigned to such term in Section 5.5 of this Agency Lease.

“Commissioner” means the Commissioner of Taxation and Finance of the State of New York.

“Company” means Cockaigne Development LLC and its successors and assigns, to the extent permitted pursuant to this Agency Lease.

“Company Lease” shall have the meaning assigned to such term in the recitals to this Agency Lease.

“Completion Date” means such date as shall be certified by the Company to the Agency (and accepted by the Agency in its reasonable discretion) as the date of completion of the Project pursuant to Section 4.2 of this Agency Lease, or such earlier date as the Company shall notify the Agency as being the date of completion of the Project (subject to acceptance thereof by the Agency in its reasonable discretion).

“Compliance Report” shall have the meaning assigned to such term in Section 8.11(J)(3) of this Agency Lease.

“Condemnation” means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any Governmental Authority.

“County” means the County of Chautauqua, New York.

“Default Interest Rate” means a rate of interest equal to eighteen percent (18%) per annum or the maximum rate permitted by applicable law, whichever is less.

“Environmental Law” or “Environmental Laws” shall have the meaning assigned to such term in Section 3.3 of this Agency Lease.

“Equipment” shall have the meaning assigned to such term in the recitals to this Agency Lease and shall include all those materials, machinery, equipment, fixtures and furnishings intended to be acquired with the proceeds of any payment made by the Company pursuant to Section 4.1(H) of this Agency Lease, and such substitutions and replacements therefor as may be made from time to time pursuant to this Agency Lease, including without limitation, all the Property described in Exhibit B attached to this Agency Lease. “Equipment” shall not include: (i) inventory, (ii) rolling stock, (iii) any item of personalty having a useful life of less than one (1) year or which shall not constitute a tangible capital asset, (iv) plants, shrubs, trees, flowers, lawns or plants, (v) fine art or other similar decorative items, or (vi) motor vehicles, including any cars, trucks, vans or buses that are licensed by the Department of Motor Vehicles or similar agency for use on public highways or streets.

“Event of Default” means, with respect to any particular Transaction Document, any event specified as an Event of Default pursuant to the provisions thereof.

“Financial Assistance” means (A) an exemption from all New York State and local sales and use taxes for purchases and rental of qualifying personal property necessary for the completion of the Project and having a value not exceeding the Maximum Sales Tax Benefit, (B) an exemption from real property taxes pursuant to the PILOT Agreement, which the Agency has estimated to have a value of \$574,500.00; and (C) an exemption from mortgage recording taxes, which shall not exceed the Maximum Mortgage Recording Tax Benefit.

“Governmental Authority” means the United States of America, the State, any other state, the County, any political subdivision of any of the foregoing, and any court, tribunal, arbitrator,

mediator, agency, department, commission, board, bureau, authority or instrumentality of any of them.

“Gross Proceeds” means one hundred percent (100%) of the proceeds of the transaction with respect to which such term is used, including, but not limited to, the settlement of any insurance or Condemnation award.

“Hazardous Materials” means all hazardous materials including, without limitation, any explosives, radioactive materials, radon, asbestos-containing materials, urea formaldehyde foam insulation, polychlorinated biphenyls, lead based paints, petroleum, petroleum products, methane, hazardous materials, hazardous chemicals, hazardous wastes, extremely hazardous wastes, restricted hazardous wastes, hazardous or toxic substances, toxic pollutants, hazardous air pollutants, pollutants, contaminants, toxic chemicals, toxics, pesticides or related materials as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), the Clean Water Act, as amended (33 U.S.C. Section 1251 et seq.), the Safe Drinking Water Act, as amended (42 U.S.C. Section 300f, et seq.) the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et seq.), Articles 15 or 27 of the New York State Environmental Conservation Law, or in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule or regulation of any Governmental Authority having jurisdiction.

“IDA Meeting” shall have the meaning assigned to such term in the recitals to this Agency Lease.

“Indebtedness” means (1) the monetary obligations of the Company to the Agency or to any of its members, officers, agents (other than the Company), attorneys, servants or employees, past, present or future, under this Agency Lease or any of the other Transaction Documents, and (2) all interest accrued on any of the foregoing.

“Land” shall have the meaning assigned to such term in the recitals to this Agency Lease and is more particularly described in Exhibit A to this Agency Lease.

“Lien” means any interest in Property securing an obligation owed to a Person, whether such interest is based on the common law, statute or contract, and including but not limited to a security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes or a judgment against the Company. The term “Lien” includes reservations, exceptions, encroachments, projections, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including, but not limited to, mechanics’, materialmen’s, landlord’s, warehousemen’s and carriers’ liens and other similar encumbrances affecting real property. For purposes of the Transaction Documents, a Person shall also be deemed to be the owner of any Property that it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

“Maximum Mortgage Recording Tax Benefit” means \$30,000.00.

“Maximum Sales Tax Benefit” means \$80,000.00.

“Minimum Employment Requirement” shall have the meaning assigned to such term in Section 2.2 of this Agency Lease.

“Net Proceeds” means so much of the Gross Proceeds with respect to which that term is used as remain after payment of all fees for services, expenses, costs and taxes (including attorneys’ fees) incurred in obtaining such Gross Proceeds.

“Operator” means Cockaigne Resort, LLC, a New York limited liability company, having an office at 1493 Thorton Road, Cherry Creek, New York 14723 and signatory to the Operator Agreement.

“Operator Agreement” means the agreement between the Operator and the Agency on the same date herewith, wherein the Operator agrees to be bound by the obligations of the Company defined herein.

“Permitted Encumbrances” means (A) utility, access and other easements, rights of way, restrictions, encroachments and exceptions that exist on the Closing Date and are identified on Schedule B to the Title Policy, (B) Liens for taxes, assessments and utility charges, to the extent permitted by this Agency Lease, (C) any Lien or encumbrance on the Project Facility obtained through any Transaction Document, (D) the Bank Mortgage, and (E) any Lien or encumbrance requested by the Company in writing and consented to by the Agency, which consent may be granted or denied in the Agency’s sole and absolute discretion.

“Person” means an individual, partnership, limited liability company, corporation, trust, unincorporated organization or Governmental Authority.

“PILOT Agreement” shall have the meaning assigned to such term in the recitals to this Agency Lease.

“Plans and Specifications” means the plans and specifications for the construction, installation and equipping of the Project Facility contemplated by Section 4.1 of this Agency Lease prepared by the Company’s architect and reviewed by the Agency (solely for purposes of the granting of the Financial Assistance) and all applicable Governmental Authorities, as the same may be amended, modified, supplemented, restated or replaced from time to time in accordance with the terms hereof and subject to the review and approval of the Agency (solely for purposes of determining compliance with this Agency Lease).

“Premises” means the Land, together with the Building, and all buildings, structures and other improvements now or hereafter located thereon, and all fixtures and appurtenances and additions thereto and substitutions and replacements thereof, now or hereafter attached to or contained in or located on the Land; provided, however, that nothing in this definition shall constitute the Agency’s consent to the construction of any new building or structure thereon or the construction of an addition to any existing building or structure thereon, other than the

construction, installation and equipping of the improvements depicted in the Plans and Specifications.

“Prohibited Person” means (i) any Person (A) that is in default or in breach, beyond any applicable grace or cure period, of its obligations under any written agreement with the Agency, or (B) that directly or indirectly controls, is controlled by or is under common control with a Person that is in default or in breach, beyond any applicable grace or cure period, of its obligations under any written agreement with the Agency, unless such default or breach has been waived in writing by the Agency, as the case may be, and (ii) any Person (A) that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or (B) that directly or indirectly controls, is controlled by or is under common control with a Person that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure.

“Project” shall have the meaning assigned to such term in the recitals to this Lease

“Project Facility” shall have the meaning assigned to such term in the recitals to this Agency Lease.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible.

“Public Hearing” shall have the meaning assigned to such term in the recitals to this Agency Lease.

“Real Property Tax Exemption Form” shall have the meaning assigned to such term in Section 6.5(A) of this Agency Lease.

“Recapture Event” shall have the meaning assigned to such term in Section 11.4 of this Agency Lease.

“Recapture of Benefits” shall have the meaning assigned to such term in Section 11.4 of this Agency Lease.

“Report” shall have the meaning assigned to such term in the recitals to this Agency Lease.

“Sales Tax Agency Agreement” means that certain Sales Tax Agency Agreement, dated as of June 1, 2018, by and between the Company, Cockaigne Resort, LLC, and the Agency.

“Scheduled Completion Date” shall have the meaning assigned to such term in Section 4.2(A) of this Agency Lease.

“SEQRA” shall have the meaning assigned to such term in the recitals to this Agency Lease.

“Special Counsel” means the law firm of Phillips Lytle LLP, Jamestown, New York, or such other attorney or firm of attorneys located in the State whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and who are acceptable to the Agency.

“State” means the State of New York.

“State Sales and Use Taxes” means sales and compensating use taxes and fees imposed by Article 28 or Article 28-A of the New York State Tax Law, but excluding such taxes imposed in a city by Section 1107 or Section 1108 of such Article 28.

“Stated Expiration Date” shall have the meaning assigned to such term in Section 5.2(B) of this Agency Lease.

“Sub-Agent Agency Agreement” shall have the meaning assigned to such term within that certain Sales Tax Agency Agreement, dated as of June 1, 2018, by and between the Company, Cockaigne Resort, LLC, and the Agency.

“Sublease Agreement” or “Sublease Agreements” means any lease, sublease, sub-sublease or other occupancy agreement with respect to the Project Facility, or any part thereof, permitted or approved pursuant to Section 9.3 of this Agency Lease, other than this Agency Lease, the Operator Agreement and the Company Lease.

“Sublessee” or “Sublessees” means each tenant, lessee, sublessee, sub-sublessee or other occupant under a Sublease Agreement including without limitation, the Operator.

“Taxing Entities” shall have the meaning assigned to such term in Section 6.5(B) of this Agency Lease.

“Termination of Company Lease” means the termination of Company Lease from the Agency to the Company, pursuant to which the Agency terminates the Company Lease, substantially in the form attached as Exhibit C to this Agency Lease.

“Termination of Agency Lease” means the termination of Agency Lease Agreement between the Company and the Agency, pursuant to which the Agency and the Company terminate this Agency Lease, substantially in the form attached as Exhibit F to this Agency Lease.

“Title Policy” shall have the meaning assigned to such term in Section 3.5 of this Agency Lease.

“Transaction Documents” means the Company Lease, the PILOT Agreement, this Agency Lease, the Sales Tax Agency Agreement, any Sub-Agent Agency Agreement, the Certification of the Company and all other instruments, agreements, certificates and documents related thereto and executed in connection therewith, and any other instrument, agreement, certificate or document supplemental thereto.

“UCC” shall have the meaning assigned to such term in Section 5.5 of this Agency Lease.

“Unassigned Rights” means (A) the rights of the Agency granted pursuant to Sections 2.2, 3.1, 3.2, 3.3, 4.1(B), 4.1(D), 4.1(E), 4.1(F), 4.1(G), 5.2 (A), 5.3, 6.1, 6.2, 6.3 6.4, 6.5, 7.1, 7.2, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 8.11, 8.12, 8.13, 8.14, 9.1, 9.3, 11.2, 11.4, 12.4, 12.7, 12.9 and 12.19 of this Agency Lease, (B) the moneys due and to become due to the Agency for its own account or the members, officers, agents, servants and employees, past, present and future, of the Agency for their own account pursuant to Sections 2.2(F), 3.1, 3.3, 4.1, 5.2, 5.3, 6.3, 8.1, 8.9, 8.11, 9.1, 9.3, 10.2, 10.4, 11.2 and 11.4 of this Agency Lease, (C) the moneys due as payments in lieu of taxes pursuant to Section 6.5 of this Agency Lease and as Recapture of Benefits pursuant to Section 11.4 of this Agency Lease, (D) the right of the Agency in its own behalf to enforce the obligation of the Company to undertake and complete the Project and to confirm the qualification of the Project as a “project” under the Act, and (E) the right to enforce the foregoing pursuant to the PILOT Agreement and Section 5.5 and Article X of this Agency Lease.

SECTION 1.2 INTERPRETATION. In this Agency Lease, unless the context otherwise requires:

(A) the terms “hereby”, “hereof”, “herein”, “hereunder” and any similar terms as used in this Agency Lease, refer to this Agency Lease, and the term “heretofore” shall mean before, and the term “hereafter” shall mean after, the Closing Date;

(B) words of masculine gender shall mean and include correlative words of feminine and neuter genders;

(C) words importing the singular number shall mean and include the plural number, and vice versa;

(D) words importing persons shall include firms, associations, partnerships, trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons;

(E) any certificates, letters or opinions required to be given pursuant to this Agency Lease shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Agency Lease; and

(F) references to documents, instruments or agreements shall mean such documents, instruments and agreements as they may be amended, modified, renewed, replaced or restated from time to time in accordance with the terms hereof.

ARTICLE II REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 2.1 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE AGENCY. The Agency makes the following representations, warranties 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 this Agency Lease and the other Transaction Documents to which the Agency is a party and to carry out its obligations hereunder and thereunder. Based upon the representations of the Company, the Project will constitute a “project”, as such quoted term is defined in the Act. By proper official action, the Agency has been duly authorized to execute, deliver and perform this Agency Lease and the other Transaction Documents to which the Agency is a party.

(B) Neither the execution and delivery of this Agency Lease or the other Transaction Documents to which the Agency is a party, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the provisions of this Agency Lease or the other Transaction Documents to which the Agency is a party will conflict with or result in a breach by the Agency of any of the terms, conditions or provisions of the Act, the by-laws of the Agency or any order, judgment, agreement or instrument to which the Agency is a party or by which the Agency is bound, nor will constitute a default by the Agency under any of the foregoing.

(C) Except as provided in Articles IX, X and XI hereof, the Agency, to the extent of its interest therein, shall not sell, assign, transfer, encumber or pledge as security the Project Facility or any part thereof and shall maintain the Project Facility free and clear of all liens or encumbrances created by the Agency, except as contemplated or permitted by the terms of this Agency Lease and the other Transaction Documents.

SECTION 2.2 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY. The Company makes the following representations, warranties and covenants as the basis for the undertakings on its part herein contained:

(A) The Company is a limited liability company duly organized under the laws of the state of New York and authorized to do business as a foreign corporation in all other jurisdictions in which its operations or ownership of its Properties so require, and has the power to enter into this Agency Lease and the other Transaction Documents to which the Company is a party and to carry out its obligations hereunder and thereunder. By proper action of its members, the Company has been duly authorized to execute, deliver and perform this Agency Lease and the other Transaction Documents to which the Company is a party. No other consent, approval or action by the members of the Company or any other consent or approval (governmental or otherwise) or the taking of any other action is required as a condition to the validity or enforceability of this Agency Lease or any of the other Transaction Documents.

(B) Neither the execution and delivery of this Agency Lease or any of the other Transaction Documents to which the Company is a party, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the provisions of this Agency Lease or the other Transaction Documents to which the Company is a party will (1) conflict with or result in a breach of any of the terms, conditions or provisions of

the Company's articles of organization or operating agreement or any other company restriction, order, judgment, agreement, document or instrument to which the Company is a party or by which the Company or any of its Property is bound, or constitute a default by the Company under any of the foregoing, or result in the creation or imposition of any Lien of any nature upon the Project Facility under the terms of any of the foregoing, other than Permitted Encumbrances, (2) conflict with or result in a violation of Applicable Laws, (3) require consent or approval (which has not been heretofore received and provided to the Agency) under any company restriction, agreement or instrument to which the Company is a party or by which the Company or any of its Property may be bound or affected, or (4) require consent or approval (which has not been heretofore obtained and provided to the Agency) under or conflict with or violate any existing law, rule, regulation, judgment, order, writ, injunction or decree of any Governmental Authority having jurisdiction over the Company or any of the Property of the Company.

(C) The completion of the Project Facility by the Company as agent of the Agency, the sublease thereof by the Agency to the Company and the operation thereof by the Company will not result in the removal of a facility or plant of the Company or any Sublessee of the Project Facility, or any part thereof, from one area of the State to another area of the State (other than relocations within the County) or in the abandonment of one or more plants or facilities of the Company or any Sublessee of the Project Facility, or any part thereof, located in the State (other than within the County); provided, however, that nothing in this Section shall constitute an authorization by the Agency for the Company to lease, sublease, sub-sublease or permit any other occupancy arrangements with respect to the Project Facility or any part thereof without the prior written consent of the Agency, except as set forth in Section 9.3 of this Agency Lease. Therefore, the provisions of subdivision (1) of Section 862 of the Act are not and will not be violated as a result of the granting of the Financial Assistance by the Agency to the Company.

(D) The Transaction Documents to which the Company is a party constitute, or upon their execution and delivery in accordance with the terms thereof will constitute, valid, legal and binding obligations of the Company, enforceable in accordance with their respective terms.

(E) The Project constitutes a commercial facility and will advance the Agency's purposes by promoting employment opportunities and preventing economic deterioration in the County. The Project Facility is, and so long as this Agency Lease shall remain in effect, the Project Facility will continue to be a "project", as such quoted term is defined in the Act, and the Company will not take any action (or omit to take any action), or allow any action to be taken or not taken, which action, inaction or omission would in any way cause the Project Facility not to constitute a "project", as such quoted term is defined in the Act.

(F) Although the Project Facility will be used in making Retail Sales (as defined below) to customers who personally visit the Project Facility, and the cost of the Retail Sales portion of the Project constitutes more than one-third of the total cost of the Project, the Project is permissible as a Tourism Destination Project under the Act and the Agency's Uniform Tax Exemption Policy because the Project will attract a significant number of visitors from outside the economic development region (as established by section two hundred thirty of the economic development law and the Agency's Uniform Tax Exemption Policy) in which the Project is located. "Retail Sales" means (i) sales by a registered vendor under Article 28 of the

Tax Law of the State primarily engaged in the retail sale of tangible personal property, as defined in section 1101(b)(4)(i) of the Tax Law of the State, or (ii) sales of a service to such customers at a commercial facility. The Project will advance the Agency's purposes by promoting employment opportunities and preventing economic deterioration in the County.

(G) The Project Facility and the operation thereof will comply with all Applicable Laws, and the Company will indemnify, defend (with counsel selected by the Agency) and save the Agency and its officers, members, agents (other than the Company), attorneys, servants and employees, past, present and future, harmless from all claims, liabilities, damages, fees, expenses, fines and penalties due to failure, or alleged failure, to comply with all Applicable Laws. The Company shall cause all notices as required by all Applicable Laws to be given, and shall comply or cause compliance with all Applicable Laws applying to or affecting the conduct of work on the Project or the operation of the Project Facility, and the Company will indemnify, defend (with counsel selected by the Agency) and save the Agency and its officers, members, agents (other than the Company), attorneys, servants and employees, past, present and future harmless, from all claims, liabilities, damages, fees, expenses, fines and penalties due to failure, or alleged failure, to comply therewith; provided that such claims, liabilities, damages, fees, expenses, fines and penalties of the Agency are not incurred or do not result solely from the intentional wrongdoing of the Agency or any of its members, officers, agents (other than the Company), attorneys, servants or employees. The foregoing indemnities shall apply notwithstanding the fault or negligence in part of the Agency or any of its officers, members, agents (other than the Company), attorneys, servants or employees, and notwithstanding the breach of any statutory obligation or any rule of comparative or apportioned liability.

(H) The Project will not have a "significant adverse environmental impact" (as such term is used in SEQRA) and the Company hereby covenants to comply with all mitigating measures, requirements and conditions enumerated in the resolution adopted by the Agency, as Lead Agent for purposes of SEQRA review, on August 22, 2017, applicable to the acquisition, construction, installation, equipping and operation of the Project Facility contemplated by Section 4.1 of this Agency Lease and in any other approvals issued by any other Governmental Authority with respect to the Project Facility. No material changes with respect to any aspect of the Project Facility have arisen from the date of the adoption of such resolution which would cause the determinations contained therein to be untrue.

(I) The owner, occupant or operator receiving Financial Assistance hereby certifies, under penalty of perjury, that it is in substantial compliance with all local, state and federal tax, worker protection and environmental laws, rules and regulations.

(J) The Project is in substantial compliance with all provisions of the Act, including, but not limited to, the provisions of Section 859-a and 862(1) thereof.

(K) There are no actions, suits, investigations or proceedings of or before any Governmental Authority, pending or threatened against the Company or any of its Property which (i) either in any case or in the aggregate, if adversely determined, would materially, adversely affect the business, operations or condition, financial or otherwise, of the Company, or (ii) question the validity of any of the Transaction Documents or any action to be taken in connection with the transactions contemplated thereby.

(L) The Company is not in default with respect to any order, writ, injunction or decree of any Governmental Authority, or in violation of any law, statute or regulation, domestic or foreign, to which the Company or any of its Property is subject.

(M) The subleasing of the Project Facility by the Agency to the Company and the granting of the Financial Assistance have induced the Company to proceed with the Project in the County. The granting of the Financial Assistance by the Agency with respect to the Project Facility, will promote the job opportunities, health, general prosperity and economic welfare of the inhabitants of the County and the State and improve their prosperity and standard of living, and will prevent unemployment and economic deterioration and thereby serve the public purposes of the Act.

(N) The Company and the Operator shall employ at least eight (8) new jobs at the Project Facility within three years of initiation of operations (collectively, the "Minimum Employment Requirement").

(O) The funds available to the Company are sufficient to pay all costs in connection with the acquisition, construction, installation and equipping of the Project Facility.

(P) The Company is not a Prohibited Person, no Affiliate of the Company is a Prohibited Person and no member, manager, director or shareholder of the Company is a Prohibited Person.

(Q) Neither this Agency Lease nor any other Transaction Document nor the Company's Application nor any other document, certificate, agreement or instrument furnished to the Agency by or on behalf of the Company contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading.

(R) No funds of the Agency shall be used in connection with the transactions contemplated by this Agency Lease for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given hereunder to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State.

(S) The Company is, and shall at all times during the term of this Agency Lease, continue to be owned solely Aura Consulting LLC, Adam Pirtz and Isaac Gratto.

(T) The Project Facility is located entirely within the boundaries of the County.

(U) The total cost of the Project is at least \$2,662,855.00.

(V) As of the Closing Date, no leases, licenses or other occupancy arrangements exist with respect to the Project Facility or any part thereof except this Agency Lease and the Company Lease, and the lease by and between the Company and its Operator.

(W) The Company has not conveyed, assigned, transferred, mortgaged, hypothecated, pledged or granted a security interest in its interest in the Project Facility pursuant to a mortgage, security agreement, pledge or other agreement that prohibits the Company from executing and delivering the Company Lease, this Agency Lease or any other Transaction Document. The Company covenants and agrees that it shall not enter into a mortgage, security agreement, pledge or other agreement pursuant to which the existence of the Company Lease, this Agency Lease or any other Transaction Document would constitute a default or an event of default.

(X) Neither the Company, nor any Affiliate of the Company has employed or retained any appointed or elected governmental official to solicit or secure the Agency's undertaking of the Project or its agreement to enter into this Agency Lease or any other Transaction Document upon an agreement of understanding for a commission or percentage, brokerage or contingent fee.

(Y) Although the Project Facility will be used in making Retail Sales (as defined below) to customers who personally visit the Project Facility, and the cost of the Retail Sales portion of the Project constitutes more than one-third of the total cost of the Project, the Project is permissible as a Tourism Destination Project under the Act and the Agency's Uniform Tax Exemption Policy because the Project will attract a significant number of visitors from outside the economic development region (as established by section two hundred thirty of the economic development law and the Agency's Uniform Tax Exemption Policy) in which the Project is located. "Retail Sales" means (i) sales by a registered vendor under Article 28 of the Tax Law of the State primarily engaged in the retail sale of tangible personal property, as defined in section 1101(b)(4)(i) of the Tax Law of the State, or (ii) sales of a service to such customers at a commercial facility. The Project will advance the Agency's purposes by promoting employment opportunities and preventing economic deterioration in the County.

(Z) The recording of any mortgage, including the Bank Mortgage, shall not result in the claiming of an exemption from mortgage recording tax in excess of the Maximum Mortgage Recording Tax Benefit.

ARTICLE III CONVEYANCE AND USE OF PROJECT FACILITY

SECTION 3.1 CONVEYANCE TO THE AGENCY. (A) Pursuant to the Company Lease, the Company has conveyed or will convey to the Agency a leasehold interest in and to the Premises and the Company has or will convey all of the interest in the equipment described in Exhibit B (the "Equipment") for the purpose of undertaking and completing the Project. The Company hereby represents and warrants that it has a good and valid fee title to the Premises, and its interest is free and clear from all Liens except for Permitted Encumbrances and the Company hereby agrees that the Company will defend (with counsel selected by the Agency), indemnify and hold the Agency harmless from any expense or liability due to any defect in title thereto or due to any defect in the leasehold interest granted to the Agency pursuant to the Company Lease.

(B) The Company and the Agency acknowledge that the Project Facility and the leasehold interest therein conveyed to the Agency from the Company and subleased by the Agency back to the Company are not “property” as defined in Title 5-A of the Public Authorities Law of the State because such property and the interests therein are security for the Company’s obligations to the Agency under this Agency Lease and the other Transaction Documents, including, without limitation, (i) the Company’s obligation to acquire, construct, install, equip and maintain the Project Facility on behalf of the Agency, and (ii) the performance by the Company to the Agency of the Company’s other obligations under this Agency Lease and the other Transaction Documents.

SECTION 3.2 USE OF PROJECT FACILITY. Subsequent to the Closing Date, the Company and/or the Operator (as permitted by any agreement between Company and Operator) shall be entitled to use the Project Facility in any manner not otherwise prohibited by the Transaction Documents, provided such use causes the Project Facility to qualify or to continue to qualify as a “project” under the Act and does not tend, in the reasonable judgment of the Agency, to bring the Project into disrepute as a public project; provided, further, however, that at no time shall any such use be other than by the Company and/or the Operator as four-season recreation center, ski resort and tourism destination, together with uses incidental thereto, except with the prior written consent of the Agency, which consent may be withheld in the Agency’s sole and absolute discretion. Neither the Company nor the Operator shall not occupy, use or operate the Project Facility, or any part thereof, or permit or suffer the Project Facility, or any part thereof, to be occupied, used or operated (1) for any unlawful purpose, or (2) in violation of any certificate of occupancy affecting the Project Facility, or (3) for any use that constitutes a nuisance, public or private, or (4) for any use that makes void or voidable any insurance then in force with respect thereto, or (5) by any tenant, subtenant, user or occupant whose use, occupancy or operation of the Project Facility would be in violation of Applicable Laws. All permits and licenses necessary for the operation of the Project Facility as contemplated by this Section 3.2 shall be procured promptly by the Company. Any provision of this Agency Lease to the contrary notwithstanding, the Company shall be liable at all times for all risk, loss and damage with respect to the Project Facility.

Nothing in this Section shall constitute an authorization by the Agency for the Company to lease, license, sublease, sub-sublease or permit any other occupancy arrangements with respect to the Project Facility or any part thereof, except in accordance with Section 9.3 of this Agency Lease.

SECTION 3.3 HAZARDOUS MATERIALS.

(A) The Company represents, warrants and covenants to the best of its knowledge based solely on its review of, and except as disclosed in, a Phase I Environmental Site Assessment dated November 28, 2017 and prepared by Orion Environmental Solutions, LLC, a Limited Phase II Environmental Investigation Report dated December 11, 2017, by Orion Environmental Solutions, LLC, and a Supplemental Phase II Investigation report dated March 25, 2018 and prepared by Orion Environmental Solutions, LLC, that, (i) the Company has not used Hazardous Materials on, from or affecting the Project Facility in any manner that violates any Applicable Law, including, but not limited to, those governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials (each, an “Environmental Law” and, collectively, the “Environmental

Laws”), (ii) the environmental and ecological condition of the Project Facility is not in violation of any Applicable Law, including, without limitation, any Environmental Law, (iii) the Company has all Environmental Permits required to construct and operate the Project Facility and is in compliance with their requirements, (iv) the Premises is not listed in CERCLIS, the NPL or any similar state or local listing nor is it included in an area included in such a list, and the Company has no knowledge that such a listing is pending or contemplated, (v) no event has occurred which, with the passage of time or the giving of notice or both, would constitute a violation of any Environmental Law, (vi) to the best of the Company’s knowledge, there are not now, nor have there ever been, underground storage tanks on or under the Premises, (vii) there are no actions, suits, claims or proceedings seeking money damages, injunctive relief, remedial action or any other remedy pending or, to the Company’s knowledge, threatened relating to a violation of Environmental Law or the disposal, discharge or release of Hazardous Materials, and (viii) to the best of the Company’s knowledge, no prior owner of the Project Facility or any tenant, subtenant, operator, occupant, prior tenant, prior subtenant, prior operator or prior occupant, has used Hazardous Materials on, from or affecting the Project Facility in any manner which violates any Environmental Law.

(B) The Company shall keep and shall cause the Project Facility to be kept free of Hazardous Materials except in compliance with Environmental Laws. Without limiting the foregoing, the Company shall not cause or permit the Project Facility to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all Environmental Laws, nor shall the Company cause or permit, as a result of any intentional or unintentional act or omission on the part of the Company, or any Sublessee of the Project Facility, or any part thereof, an unlawful release of Hazardous Materials onto, under or from the Project Facility or onto any other property. The Company shall not cause or permit, as a result of any intentional or unintentional act or omission on the part of the Company or its members, managers, shareholders, directors, officers, agents, servants, employees or representatives, a release of Hazardous Materials on, under or from the Project Facility, except in compliance with all Environmental Laws.

(C) The Company shall comply with and cause all Sublessees of the Project Facility, or any part thereof (including, but not limited to the Operator), to comply with, all Environmental Laws whenever and by whomever triggered, and shall obtain and comply with, and shall cause all such Sublessees to obtain and comply with, any and all approvals, registrations or permits required thereunder. The Company agrees to provide the Agency with copies of any notifications given by the Company to any Governmental Authorities or received by the Company from any Governmental Authorities with respect to the environmental or ecological condition of the Project Facility. The Company hereby agrees that at all times during which it owns, leases or operates the Project Facility, and whether or not this Agency Lease or any other Transaction Document is in effect, to comply with, and ensure compliance by all tenants, subtenants, users and occupants of the Project Facility with, the provisions of the Environmental Indemnification (as hereinafter defined).

(D) The Company shall (1) conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up, remove or contain all Hazardous Materials on, from or affecting the Project Facility (a) in accordance with all Environmental Laws, and (b) in accordance with the orders and directives of all

Governmental Authorities, and (2) defend, indemnify, and hold harmless the Agency and its employees, agents, officers, attorneys, servants and members, past, present and future, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to: (a) the presence, disposal, release or threatened release of any Hazardous Materials on, from, under or affecting the Project Facility, (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (c) any lawsuit brought or threatened, settlement reached, or any government order relating to such Hazardous Materials, and/or (d) any violations of Environmental Laws which are based upon or in any way related to such Hazardous Materials, including, without limitation, consultant fees, costs of remediation, investigation and laboratory fees, court costs, reasonable attorney fees and litigation expenses (the "Environmental Indemnification"). Reasonable attorney and expert fees and costs incurred by the Agency, if any, arising under this subsection (D) will be repaid immediately upon demand with interest at the Default Interest Rate commencing thirty (30) business days after such demand.

(E) In the event this Agency Lease is terminated, the Company shall deliver the Project Facility to the Agency free of any and all Hazardous Materials (except Hazardous Materials the presence of which do not violate any Environmental Laws), so that the condition of the Project Facility shall conform with all Environmental Laws affecting the Project Facility.

(F) If at any time the Agency obtains any evidence or information suggesting that potential environmental concerns may exist at the Premises, the Agency, then, in consultation with the Company, may require that a full or supplemental environmental investigation and environmental assessment report (including a Phase II environmental investigation) with respect to the Premises of a scope and level of detail satisfactory to the Agency and the Company be prepared by an environmental engineer or other qualified person acceptable to the Agency and the Company, at the Company's expense. Said investigation may include a physical inspection of the Premises, a visual inspection of any property adjacent to or within the immediate vicinity of the Premises, personnel interviews and a review of all Environmental Permits. If the investigation report contains a recommendation for, and if the Agency, in consultation with the Company, requires, such inspection shall also include a records search and/or subsurface testing for the presence of Hazardous Substances in the soil, subsoil, soil vapor, bedrock, surface water and/or groundwater. If the investigations indicate the presence of any Hazardous Substance or a Release or the threat of a Release of any Hazardous Substance on, at or from the Premises, the Company shall promptly undertake and diligently pursue to completion all necessary, appropriate and legally authorized investigative, containment, removal, and other remedial actions, using methods recommended by the engineer or other person who conducted the investigations and acceptable to the appropriate federal, state and local agencies or authorities.

(G) In the event that insurance is or shall become available at a cost determined by the Company to be reasonable to cover the Company's obligations under this Section 3.3, then, at the option of the Agency, the Company may be requested to obtain adequate coverage.

SECTION 3.4 NON-MERGER. During the term of this Agency Lease, there shall be no merger of this Agency Lease or the Company Lease nor of the leasehold estate created by the Company Lease or the subleasehold estate created by this Agency Lease with the fee estate in the Premises or any part thereof by reason of the fact that the same person, firm, corporation or other entity may acquire or own or hold, directly or indirectly, (1) this Agency Lease or the Company Lease or the subleasehold estate created by this Agency Lease or the leasehold estate created by the Company Lease or any interest in this Agency Lease or the Company Lease or in any such leasehold or subleasehold estate and (2) the fee estate in the Premises or any part thereof or any interest in such fee estate, and no such merger shall occur unless and until all corporations, firms and other entities, including any mortgagee having any interest in (x) this Agency Lease or the Company Lease or the subleasehold estate created by this Agency Lease or the leasehold estate created by the Company Lease and (y) the fee estate in the Premises or any part thereof or any interest in such fee estate, shall join in a written instrument effecting such merger and shall duly record the same.

SECTION 3.5 TITLE INSURANCE. On or prior to the Closing Date, the Company will obtain and deliver to the Agency, in form and substance satisfactory to the Agency, (a) an owner's title insurance policy (the "Title Policy") in the amount of \$30,000.00 insuring the Agency's leasehold interest in the Premises against loss as a result of defects in title, subject only to Permitted Encumbrances and (b) a current survey of the Premises certified to the Agency, the Company and the title insurance company issuing the Title Policy. Any proceeds of the Title Policy shall be paid to the Company and applied by the Company to remedy the applicable defect in title. If not so capable of being applied or if a balance remains after such application, the Net Proceeds or the remaining balance of the Net Proceeds, as the case may be, shall be applied to the payment of any sums due the Agency under this Agency Lease or under any other Transaction Document, and any balance thereafter may be used by the Company for any lawful company purpose.

ARTICLE IV UNDERTAKING AND COMPLETION OF THE PROJECT

SECTION 4.1 ACQUISITION, CONSTRUCTION, INSTALLATION AND EQUIPPING OF THE PROJECT FACILITY.

(A) The Agency hereby confirms its appointment of the Company and the Operator as the true and lawful agents of the Agency to undertake the Project. Such appointment was made by the Agency pursuant to the Authorizing Resolution. The Company and the Operator shall, on behalf of the Agency, promptly acquire, construct, install and equip the Project Facility, or cause the acquisition, construction, installation and equipping of the Project Facility, all in accordance with the Plans and Specifications, in a first-class, workmanlike manner using high grade materials, free of material defects in materials and workmanship. The Company and the Operator, at their own expense, from time to time, may make any structural additions, modifications or improvements to the Project Facility or any addition, modifications or improvements to the Project Facility or any part thereof which it may deem desirable for its business purposes and uses that do not adversely affect the structural integrity or impair the operating efficiency of the Facility or substantially change the nature of the Project Facility. All such structural additions, modifications or improvements so made by the Company shall become a part of the Project Facility; provided, however, the Company and the Operator shall not be

qualified for a sales and use tax exemption when making said additions, modifications or improvements except to the extent (i) the Company and the Operator are acting as agent for the Agency under the such an appropriate agent agreement which contemplates said additions, modifications or improvements or (ii) as otherwise provided by law. Upon request, the Company agrees to deliver to the Agency all documents which may be necessary or appropriate to convey to the Agency other satisfactory interest in such property.

(B) No material change in the Plans and Specifications shall be made unless the Agency shall have consented thereto in writing (which consent shall not be unreasonably withheld or delayed).

(C) Title to all Equipment acquired by the Company or the Operator acting as agent of the Agency under the terms of this Agreement will be conveyed to the Company or the Operator, as appropriate, at the time the Agency provides the Company or the Operator with a bill of sale (a form of each of which is attached hereto as Exhibit D) which sells, transfer and delivers unto the Company or the Operator, as appropriate, and their successors and assigns, all Equipment which were acquired and installed and/or are to be acquired and installed by the Company or the Operator as agent for the Agency pursuant to this Agreement.

(D) The Agency shall enter into, and accept the assignment of, such contracts as the Company may request in order to effectuate the purposes of this Section 4.1; provided, however, that the liability of the Agency thereunder shall be limited to the moneys of the Company available therefor and advanced by the Company for such purpose pursuant to Section 4.1(H) of this Agency Lease.

(E) The Agency hereby appoints the Company and the Operator, and the Company and the Operator hereby accept such appointment, as its true and lawful agent to perform the following in compliance with the terms, purposes and intent of the Transaction Documents: (1) to acquire, construct, install and equip the Project Facility, (2) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other Persons, and in general to do all things which may be required or proper, all for the acquisition, construction, installation and equipping of the Project Facility, with the same powers and with the same validity as the Agency could do if acting in its own behalf, provided that the liability of the Agency thereunder shall be limited to the moneys made available therefore by the Company and the Operator and advanced for such purposes by the Company and the Operator pursuant to Section 4.1(H) of this Agency Lease, (3) to pay all fees, costs and expenses incurred in the acquisition, construction, installation and equipping of the Project Facility from funds made available therefor in accordance with this Agency Lease, and (4) to ask, demand, sue for, levy, recover and receive all such sums of money, debts, dues and other demands whatsoever which may be due, owing and payable to the Agency under the terms of any contract, order, receipt, writing or instruction in connection with the acquisition, construction, installation and equipping of the Project Facility and to enforce the provisions of any contract, agreement, obligation, bond or other performance security in connection with the same.

(F) The Company has given or will give or cause to be given all notices and has complied and will comply or cause compliance with all Applicable Laws applying to or affecting the conduct of work on the Project Facility, and the Company will defend (with counsel

selected by the Agency), indemnify and save the Agency and its officers, members, agents, attorneys, servants and employees, past, present and future, harmless from all fees, expenses, fines and penalties due to failure to comply therewith. All permits and licenses necessary for the prosecution of work on the Project Facility shall be procured promptly by the Company.

(G) The Company shall not take any action, or neglect to take any action, including, without limitation, the employment of any contractor, if such action or inaction would result in jurisdictional disputes or strikes or labor disharmony in connection with the Project.

(H) The Company agrees, for the benefit of the Agency, to undertake and complete the Project and to pay all such sums as may be required in connection therewith. A leasehold interest in portions of the Project Facility acquired, constructed and installed at the Company's cost shall immediately upon such acquisition, construction or installation vest in the Agency, subject to Permitted Encumbrances. The Company shall execute, deliver and record or file such instruments as the Agency may request in order to perfect or protect the Agency's interest in and to such portions of the Project Facility.

(I) No payment by the Company pursuant to this Section 4.1 shall entitle the Company to any reimbursement for any such expenditure from the Agency or to any diminution or abatement of any amounts payable by the Company under this Agency Lease.

(J) The Company and Operator covenant and agrees to make a total investment in the Project Facility as of the Scheduled Completion Date in an amount not less than \$2,396,569.50 (which represents the product of (1) 0.90 and (2) \$2,662,855.00 being the total project costs as stated in the Application). The Company shall provide written documentation of such investment, in form and substance satisfactory to the Agency, no later than March 1st of the calendar year following the Scheduled Completion Date.

(K) The Company shall furnish to the Agency all information and/or documentation requested by the Agency pursuant to this Section 4.1 and will cooperate with the Agency for the purposes of investigation to ascertain compliance with this Section 4.1.

SECTION 4.2 COMPLETION OF THE PROJECT FACILITY; FEES.

(A) The Company will proceed with due diligence to commence construction, installation and equipping of the Project Facility in accordance with Section 4.1 of this Agency Lease within thirty (30) days after the Closing Date and shall proceed with due diligence to complete the construction, installation and equipping of the Project Facility on or before June 30, 2020 (the "Scheduled Completion Date") and shall commence its operations in the Project Facility on or before the Scheduled Completion Date and thereafter continuously operate its business at the Project Facility. The Company covenants to diligently prosecute its application for any required building permits for the Project Facility. Completion of the construction, installation and equipping of the Project Facility shall be evidenced by a certificate signed by an Authorized Representative of the Company delivered to the Agency stating (a) the date of such completion, (b) that all labor, services, materials and supplies used therefor and all costs and expenses in connection therewith have been paid, (c) that the acquisition, construction, installation and equipping of the Project Facility have been completed in a good and

workmanlike manner, (d) that the Company and the Agency have good and valid interests in and to all Property constituting a portion of the Project Facility, free and clear of all Liens and encumbrances except Permitted Encumbrances, and (e) that the Project Facility is ready for occupancy, use and operation for its intended purposes. Such certificate shall be accompanied by a permanent certificate of occupancy for the Building and any and all permissions, licenses or consents required of Governmental Authorities for the occupancy, operation and use of the Project Facility for its intended purposes.

(B) The Company shall pay within the time periods required by applicable Governmental Authorities, all construction related and other fees for the Project, including, without limitation, building permit fees, plumbing fixture permit fees, recreation fees, site planning fees, municipal consultant review fees, special use fees, variance fees, sewer hookup fees, water service installation fees and fire line fees, if any.

SECTION 4.3 REMEDIES TO BE PURSUED AGAINST CONTRACTORS, SUBCONTRACTORS, MATERIALMEN AND THEIR SURETIES. In the event of a default by any contractor, subcontractor or materialman under any contract made by it in connection with the acquisition, construction, installation and equipping of the Project Facility or in the event of a breach of warranty or other liability with respect to any materials, workmanship or performance guaranty, the Company shall proceed, either separately or in conjunction with others, to exhaust the remedies of the Company and the Agency against the contractor, subcontractor or materialman so in default and against each surety for the performance of such contract. The Company may, in its own name or, with the prior written consent of the Agency, which consent shall not be unreasonably withheld, in the name of the Agency, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, materialman or surety which the Company deems reasonably necessary, and in such event the Agency hereby agrees, at the Company's sole expense, to cooperate fully with the Company and to take all action necessary to effect the substitution of the Company for the Agency in any such action or proceeding. The Company shall advise the Agency of any actions or proceedings taken hereunder. The Net Proceeds of any recovery secured by the Company as a result of any action pursued against a contractor, subcontractor, materialman or their sureties pursuant to this Section 4.3 shall be used to the extent necessary to complete the Project Facility then to pay all reasonable costs and expenses incurred by the Agency in connection therewith, and thereafter be paid to the Company for its own use.

SECTION 4.4 PURPOSE OF THE PROJECT.

It is understood and agreed by the Agency and the Company that the purposes of the granting of the Financial Assistance are to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of the Project Facility to advance the job opportunities, health, general prosperity and economic welfare of the people of the County and the State, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration, and to otherwise accomplish the purposes of the Act.

ARTICLE V
DEMISE OF PROJECT FACILITY; RENTAL PAYMENTS
AND OTHER AMOUNTS PAYABLE

SECTION 5.1 SUBLEASE OF THE PROJECT FACILITY FROM THE AGENCY TO THE COMPANY. In consideration of the Company's covenant herein to make rental payments hereunder, and in consideration of the other covenants of the Company contained herein, including the covenant to make additional and other payments required hereby, the Agency hereby agrees to demise and sublease to the Company, and the Company hereby agrees to rent and sublease from the Agency, a subleasehold interest in the Project Facility, subject only to the Permitted Encumbrances.

SECTION 5.2 DURATION OF THE LEASE TERM; QUIET ENJOYMENT.

(A) The Agency shall deliver to the Company possession of the Project Facility, subject to the provisions of this Agency Lease, and the subleasehold estate created hereby shall commence, on the Closing Date, and the Company shall accept possession of the Project Facility on the Closing Date.

(B) Provided that all amounts, costs and expenses payable by the Company to the Agency under this Agency Lease and all other Transaction Documents are paid in full, the subleasehold estate created hereby shall terminate on the date that this Agency Lease shall terminate pursuant to Article X or Article XI hereof.

(C) The Agency shall take no action, other than pursuant to Article X or Article XI of this Agency Lease, to prevent the Company from having quiet and peaceable possession and enjoyment of the Project Facility during the term of this Agency Lease and will, at the request of the Company and at the Company's expense, cooperate with the Company in order that the Company may have quiet and peaceable possession and enjoyment of the Project Facility.

SECTION 5.3 RENTAL PAYMENTS AND OTHER AMOUNTS PAYABLE.

(A) The Company shall pay on the date of execution and delivery of this Agency Lease, as the basic sublease payments due hereunder: (1) the sum of \$1.00, (2) all reasonable fees and expenses of counsel to the Agency and Special Counsel to date with respect to the Project, and (3) all other actual costs and expenses incurred by the Agency in connection with the transactions contemplated by this Agency Lease and the other Transaction Documents.

(B) The Company agrees to pay to the Agency the following fees: (1) an Agency administrative fee in the amount of \$16,000.00 (the "Agency Fee") with respect to the Project, and (2) the Agency's general counsel fee in the amount of \$21,000.00 (the "Agency's Counsel Fee") also with respect to the Project, with both fee amounts to be invoiced prior to closing the straight-lease transaction (collectively, the Agency Fee and the Agency's Counsel Fee to be hereinafter referred to as the "Administrative Fee"). The Agency Fee shall be payable as follows: (i) \$4,000.00 due on the Closing Date; (ii) \$4,000.00 due on the one-year anniversary of the Closing Date; (iii) \$4,000.00 due on the two-year anniversary date of the Closing Date; and (iv) a final installment of \$4,000.00 due on the three-year anniversary date of the Closing

Date. The Agency Counsel Fee is due on the Closing Date. The Administrative Fee is non-refundable and is deemed earned in full upon the execution and delivery of this Agency Lease.

(C) Within thirty (30) business days after receipt of a demand therefor from the Agency, the Company shall pay to the Agency the sum of the reasonable costs and expenses of the Agency and the officers, members, agents, attorneys, servants and employees thereof, past, present and future, incurred by reason of the Agency's ownership, leasing, subleasing or sale of the Project Facility or in connection with the carrying out of the Agency's duties and obligations under this Agency Lease or any of the other Transaction Documents.

(D) The Company agrees to make the above-mentioned payments in immediately available funds, without any further notice or demand, by wire transfer or other form of payment satisfactory to the Agency, in lawful money of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. In the event the Company shall fail to make any payment required by this Section 5.3 within thirty (30) business days of the date such payment is due, the Company shall pay the same, together with interest thereon at the Default Interest Rate, from the date on which such payment was due until the date on which such payment is received by the Agency.

SECTION 5.4 NATURE OF OBLIGATIONS OF THE COMPANY HEREUNDER.

(A) The obligations of the Company to make the payments required by this Agency Lease and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be general obligations of the Company and shall be absolute and unconditional irrespective of any defense or any right of setoff, recoupment, counterclaim or abatement that the Company may otherwise have against the Agency. The Company agrees that it will not suspend, discontinue or abate any payment required by, or fail to observe any of its other covenants or agreements contained in, this Agency Lease, or terminate this Agency Lease (except as set forth in Section 11.1 hereof), for any cause whatsoever, including, without limiting the generality of the foregoing, failure to complete the Project, any defect in the title, design, operation, merchantability, fitness or condition of the Project Facility or any part thereof or in the suitability of the Project Facility or any part thereof for the Company's purposes or needs, failure of consideration for, destruction of or damage to, Condemnation of or the use of all or any part of the Project Facility, any change in the tax or other laws of the United States of America or of the State or any political subdivision thereof, or any failure of the Agency to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with this Agency Lease.

(B) Nothing contained in this Section 5.4 shall be construed to release the Agency from the performance of any of the agreements on its part expressly contained in this Agency Lease, and, in the event the Agency should fail to perform any such agreement, the Company may institute such action against the Agency as the Company may deem necessary to compel performance or recover damages for non-performance (subject to the provisions of Section 12.9 hereof); provided, however, that the Company shall look solely to the Agency's estate and interest in the Project Facility for the satisfaction of any right or remedy of the Company for the collection of a judgment (or other judicial process) requiring the payment of money by the Agency in the event of any liability on the part of the Agency, and no other

Property or assets of the Agency or of the members, officers, agents (other than the Company), servants or employees, past, present and future, of the Agency shall be subject to levy, execution, attachment or other enforcement procedure for the satisfaction of the Company's remedies under or with respect to this Agency Lease, the relationship of the Agency and the Company hereunder or the Company's use and occupancy to the Project Facility, or any other liability of the Agency to the Company.

SECTION 5.5 INTENTIONALLY OMITTED

INTENTIONALLY OMITTED

ARTICLE VI MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE

SECTION 6.1 MAINTENANCE AND MODIFICATIONS OF THE PROJECT FACILITY.

(A) The Company shall (1) keep the Project Facility in good condition and repair and preserve the same against waste, loss, damage and depreciation, ordinary wear and tear excepted, (2) occupy, use and operate the Project Facility, and shall cause the Project Facility to be occupied, used and operated, in the manner for which it was intended and contemplated by this Agency Lease, (3) make all necessary repairs and replacements to the Project Facility or any part thereof (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen), (4) operate the Project Facility in a sound and economical manner, (5) not abandon the Project Facility, (6) perform or cause to be performed, for and on behalf of the Agency, each and every obligation of the Agency under and pursuant to the Bank Mortgage, and (6) not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against the Project Facility, or any part thereof, or the interest of the Agency or the Company in the Project Facility, the Company Lease or this Agency Lease, except for Permitted Encumbrances. The Agency shall have no obligation to replace, maintain or effect replacements, renewals or repairs of the Project Facility, or to furnish any utilities or services for the Project Facility and the Company hereby agrees to assume full responsibility therefor.

(B) Upon prior written notice to the Agency, the Company may make alterations, modifications or improvements to the Project Facility, or any part thereof, provided:

(1) the Company shall (a) give or cause to be given all notices and comply or cause compliance with all Applicable Laws applying to or affecting the conduct of work on such modification or improvement to the Project Facility, or any part thereof, (b) indemnify, defend (with counsel selected by the Agency) and save the Agency and its officers, members, agents (other than the Company), attorneys, servants and employees, past, present and future harmless from all fees, expenses, fines and penalties due to failure to comply therewith, (c) promptly procure all permits and licenses necessary for the prosecution of any work described in this Section 6.1(B), and (d) not be in monetary

default under this Agency Lease or under any of the other Transaction Documents beyond applicable notice and cure periods;

(2) such alterations, modifications and improvements are effected with due diligence, in a good and workmanlike manner and in compliance with all Applicable Laws;

(3) the Company shall promptly and fully pay for such alterations, modifications and improvements in accordance with the terms of the applicable contract(s) therefor;

(4) the alteration, modification or improvement to the Project Facility shall not constitute or cause a default under any of the Transaction Documents;

(5) the Company shall furnish to the Agency, at least thirty (30) days prior to commencing such alteration, modification or improvement to the Project Facility, detailed plans and specifications therefor; provided, further, however, that such plans need not be furnished to the Agency for (a) nonstructural modifications or improvements to the Project Facility which do not exceed, at any one time, \$50,000.00 in value, and (b) non-structural modifications or improvements, without limitation as to amount, performed in connection with customary and reasonable initial tenant improvements;

(6) as a result of such alterations, modifications or improvements, neither the usefulness, structural integrity nor operating efficiency of the Project Facility would be materially impaired in the reasonable judgment of the Agency;

(7) the Agency receives reasonably satisfactory evidence that such alterations, modifications and alterations do not change the nature of the Project Facility such that it would not comply with the terms of this Agency Lease or such that it would not constitute a "project" (as such quoted term is defined in the Act);

(8) if such alterations, modifications or improvements involve an addition to the Project Facility or would otherwise result, but for the Agency's interest in the Project Facility, in an increase in the assessed value of the Premises, then the Agency may require an increase in the sums payable under the PILOT Agreement;

(9) no such alterations, modifications or improvements shall be entitled to any "financial assistance" (as such quoted term is defined in the Act) from the Agency unless agreed to in writing by the Agency; and

(10) an Event of Default shall not have occurred and be continuing under this Agency Lease or any other Transaction Document.

All such alterations, modifications and improvements shall constitute a part of the Project Facility and the Company shall deliver or cause to be delivered to the Agency appropriate documents to convey title to or a leasehold interest in such property, as the case may be, to the Agency, free and clear of all liens, charges, encumbrances, security interests or claims other than Permitted Encumbrances, and to subject such property to this Agency Lease.

The provisions of this Subsection (B) shall not apply to the initial construction, installation and equipping of the Project Facility pursuant to the Plans and Specifications.

(C) The Company has given or will give or cause to be given all notices and has complied or will comply or cause compliance with all Applicable Laws applying to or affecting the operation of the Project Facility, and the Company will defend (with counsel selected by the Agency), indemnify and save the Agency and its officers, members, agents (other than the Company), attorneys, servants and employees, past, present and future, harmless from all fees, expenses, fines and penalties due to failure to comply therewith.

SECTION 6.2 TAXES, ASSESSMENTS AND UTILITY CHARGES.

(A) The Company shall pay as the same respectively become due: (1) all taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Project Facility (other than those taxes for which payments in lieu thereof are being paid pursuant to the PILOT Agreement), (2) all utility and other charges, including "service charges" and deposits, incurred or imposed for the operation, maintenance, use, occupancy, upkeep and improvement of the Project Facility, and (3) all assessments and charges of any kind whatsoever lawfully made against the Project Facility by any Governmental Authority for public improvements; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated hereunder to pay only such installments as are required to be paid during the term of this Agency Lease.

(B) If the Company fails to pay any tax, assessment or charge required to be paid pursuant to this Section 6.2, the Agency may pay or cause to be paid such taxes, assessments or charges. The Company shall reimburse the Agency for any amount paid under this Section 6.1, together with interest thereon from the date of payment at the Default Interest Rate.

(C) Notwithstanding the provisions of this Section 6.2, the Company may withhold any such payment and the Company may in good faith actively contest the amount, validity or the applicability of any payment referred to in such subsection (A), provided that (1) the Company shall have first notified the Agency in writing of such contest, (2) no Event of Default shall have occurred and be continuing under any of the Transaction Documents beyond applicable notice and cure periods, (3) the overall operating efficiency of the Project for the purposes for which it is intended is not materially impaired, (4) neither the Project Facility nor any part thereof or interest therein would be in any immediate danger of being sold, forfeited or lost by reason of such proceedings, (5) the Company shall have set aside on its books adequate reserves with respect thereto, and (6) the Company diligently prosecutes such contest to completion. Otherwise, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Agency.

SECTION 6.3 INSURANCE REQUIRED. During the term of this Agency Lease, the Company together with the Operator shall maintain insurance with respect to the Project Facility against such risks and liabilities and for such amounts as are, in the Agency's reasonable judgment, customarily insured against by businesses of like size and type, paying, as the same

become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(A) Insurance protecting the interests of the Company and the Operator, as insured and the Agency, as loss payee, against loss or damage to the Project Facility by fire, lightning, vandalism, malicious mischief and other perils embraced by a so-called "Special Form" policy of property insurance, in amounts sufficient to prevent the Company, the Operator and the Agency from becoming a co-insurer under such policy and not less than 100% of the replacement cost of the Project Facility, without deduction for depreciation, and including coverage against acts of terrorism. Additionally, during any period in which construction work or alterations are being performed at the Project Facility, the Company shall maintain "Special Form" property insurance in the form of a "Builder's Risk" completed value non-reporting policy in an amount satisfactory to the Agency and which shall contain a provision granting the insured permission to complete and/or occupy.

(B) To the extent applicable, workers' compensation insurance, disability benefits insurance and such other forms of insurance which the Company is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the Company who are located at or assigned to the Project Facility or who are responsible for the acquisition, construction, installation and equipping of the Project Facility.

(C) Commercial general liability insurance protecting the Company and/or the Operator, as insured and the Agency, as an additional insured, against loss or losses from liabilities imposed by law or assumed in any written contract (including, without limitation, the contractual liability assumed by the Company pursuant to the Sales Tax Agency Agreement, dated as of June 1, 2018, by and between the Company, Cockaigne Resort, LLC, and the Agency), or arising from personal injury or death or damage to the Property of others caused by any accident or occurrence, with limits of not less than \$1,000,000.00 per person per accident or occurrence on account of personal injury, including death resulting therefrom, and \$1,000,000.00 per accident or occurrence on account of damage to the Property of others, excluding liability imposed upon the Company by any applicable workers' compensation law, and a separate umbrella liability policy protecting the Company, as insured and the Agency, as an additional insured, with a limit of not less than \$10,000,000.00, as said amounts may be adjusted by the Agency from time to time in its sole and absolute discretion.

(D) During any period of construction, renovation, improvement or reconstruction, to the extent not covered by the general liability insurance set forth in Subsection (C) above, Owners & Contractors Liability insurance for the benefit of the Company and the Agency in a minimum amount of \$2,000,000.00 aggregate coverage for personal injury and property damage.

(E) Boiler and machine property damage insurance in respect of any steam and pressure boilers and similar apparatus, insuring risks normally insured against under boiler and machinery policies and in amounts and with deductibles customarily obtained for similar enterprises.

(F) A policy or policies of flood insurance in an amount not less than the maximum amount of flood insurance available with respect to the Project Facility under the Flood Disaster Protection Act of 1973, as amended. The requirements of this Subsection (F) shall be waived upon presentation of evidence satisfactory to the Agency that no portion of the Project Facility is located within an area identified by the U.S. Department of Housing and Urban Development as having special flood hazards.

(G) Such other insurance (including with regard to the Operator or a Sublessee) in such amounts and against such insurable hazards and risks as the Agency from time to time may reasonably require, including, without limitation, environmental hazard and liability insurance.

(H) **ADDITIONAL PROVISIONS RESPECTING INSURANCE.** All insurance required by Section 6.3 hereof shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the Company and/or the Operator and authorized to write such insurance in the State and satisfactory and having an A.M. Best rating satisfactory to the Agency. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the Company is engaged and shall provide that such insurance shall be without any right of contribution from any other insurance carried by the Agency. All policies evidencing such insurance shall name the Company, as named insured, and the Agency as an additional insured, with respect to liability policies, and name the Agency as loss payee with respect to casualty policies, and provide for at least thirty (30) days' written notice to the Company and the Agency prior to cancellation, lapse, reduction in policy limits or material change in coverage thereof. All insurance required hereunder shall be in form, content and coverage satisfactory to the Agency. Certificates satisfactory in form and substance to the Agency to evidence all insurance required hereby shall be delivered to the Agency on or before the Closing Date. The Company shall deliver to the Agency on or before the first Business Day of each calendar year thereafter a certificate dated not earlier than the immediately preceding month reciting that there is in full force and effect, with a term covering at least the next succeeding calendar year, insurance in the amounts and of the types required by Sections 6.3 hereof. At least fifteen (15) days prior to the expiration of any such policy, the Company shall furnish to the Agency evidence that the policy has been renewed or replaced or is no longer required by this Agency Lease.

(1) All premiums with respect to the insurance required by Section 6.3 hereof shall be paid by the Company; provided, however, that, if the premiums are not timely paid, the Agency may pay such premiums and the Company shall pay immediately upon demand all sums so expended by the Agency, together with interest thereon at the Default Interest Rate.

(2) In the event of construction, reconstruction, improvement or renovation of any part of the Project Facility, the Company shall require its contractors and subcontractors, if any, to name the Agency as an additional insured on liability policies carried by such contractors or subcontractors with respect to their operations at the Premises or with respect to the Project.

(3) Each of the policies evidencing the insurance required by this Section 6.3 shall provide that: (i) there shall be no recourse against the Agency for the payment of premiums or commissions or, if such policies provide for the payment thereof, additional premiums or assessments; (ii) in respect of the interest of the Agency in such policies, the insurance shall not be invalidated by any action or inaction of the Company or any other Person and shall insure the Agency regardless of, and any losses shall be payable notwithstanding, any such action or inaction; (iii) if the insurers cancel such insurance for any reason whatsoever, including the insured's failure to pay any accrued premium, or the same is allowed to lapse or expire, or if there shall occur any reduction in amount, or any material change is made in the coverage, such cancellation, lapse, expiration, reduction or change shall not be effective as to the Agency until at least thirty (30) days after receipt by the Agency of written notice by such insurers of such cancellation, lapse, expiration, reduction or change; and (iv) the insurers waive subrogation thereunder against any Person insured under such policy, and waive any right of the insurers to any setoff or counterclaim or other deduction, in respect of any liability of any Person insured under such policy. Any such insurance policies may be furnished under a so-called "master" or "blanket" policy covering locations other than the Project Facility; provided, however, that if casualty coverage for the Project Facility is provided under a master or blanket policy, such policy must contain an agreed amount endorsement evidencing that such coverage is in an amount sufficient to insure the full replacement cost of the Project Facility.

(I) THE AGENCY DOES NOT IN ANY WAY REPRESENT THAT THE INSURANCE SPECIFIED HEREIN, WHETHER IN SCOPE OR COVERAGE OR LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE COMPANY'S BUSINESS OR INTEREST IN THE PROJECT FACILITY.

(J) Any provision of this Lease to the contrary notwithstanding, at any time during the term of this Lease that any portion of the Bank Loan is outstanding and the Bank Mortgage remains a Lien on the Project Facility, the Agency agrees that (i) the Bank shall be the loss payee with respect to the Net Proceeds of the insurance required by Sections 6.3 hereof, and (ii) the provisions of Sections 6.4 hereof shall be superseded and replaced by the applicable provisions of the Bank Mortgage.

SECTION 6.4 APPLICATION OF NET PROCEEDS OF INSURANCE. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.3 hereof shall be applied as follows, subject to Section 6.5 of this Agency Lease, (A) the Net Proceeds of the insurance required by Sections 6.3(A) and 6.3(E) hereof shall be applied as provided in Section 7.1 hereof, and (B) the Net Proceeds of the insurance required by Sections 6.3(B), 6.3(C) and 6.3(D) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

SECTION 6.5 PAYMENTS IN LIEU OF TAXES.

(A) It is recognized that, under the provisions of the Act, the Agency is not required to pay certain taxes or assessments upon the Property acquired by it or under its jurisdiction, control or supervision or upon its activities as more particularly set forth in Section

874 of the Act. It is the intention of the parties hereto that the Project Facility be treated as exempt from real property taxation to the extent set forth in the PILOT Agreement, a copy of which is attached hereto as Exhibit H. Accordingly, the parties hereto acknowledge that the Agency shall submit for filing a New York State Board of Real Property Services Form RP-412-a (a “Real Property Tax Exemption Form”) with respect to the Project Facility. The Company hereby consents to any enforcement action provided to the Taxing Entities pursuant to law in the event that the Company should fail to pay any taxes not exempted as aforesaid and shall not object to any such enforcement action on the grounds that a leasehold interest in the Project Facility is held by the Agency or that the Project Facility is under the Agency’s jurisdiction, control or supervision or subject to its activities.

(B) The Agency and the Company hereby agree that the Company shall be required to make or cause to be made payments in lieu of taxes to the school districts, cities, towns, county, villages and other political unit(s) wherein the Project Facility is located having taxing powers (such political units are hereinafter collectively referred to as the “Taxing Entities”), in such amounts and at such times as are required by the PILOT Agreement.

(C) Within thirty (30) days after receipt of written request therefore, the Company shall deliver to the Agency official receipts of the Taxing Entities or other proof reasonably satisfactory to the Agency evidencing payment of any amount that the Company is required to pay under the PILOT Agreement.

ARTICLE VII DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1 DAMAGE OR DESTRUCTION.

(A) If the Project Facility becomes damaged or destroyed, in whole or in part at any time during the duration of this Agency Lease:

(1) the Agency shall have no obligation to replace, repair, rebuild or restore the Project Facility;

(2) there shall be no abatement or reduction in the amounts payable by the Company under this Agency Lease or the PILOT Agreement (whether or not the Project Facility is replaced, repaired, rebuilt or restored);

(3) the Company shall promptly give notice thereof to the Agency; and

(4) except as otherwise provided in subsection (B) of this Section 7.1, (a) the Company shall promptly replace, repair, rebuild or restore the Project Facility to substantially the same condition and value as existed prior to such damage or destruction, with such changes, alterations and modifications as may be desired by the Company and consented to in writing by the Agency, provided that such changes, alterations or modifications do not so change the nature of the Project Facility that it does not constitute a “project”, as such quoted term is defined in the Act, or change the use of the Project Facility as specified in Section 3.2 hereof without the prior written consent of the Agency, and (b) (1) the Agency shall make available to the Company (solely from the

Net Proceeds of any insurance settlement relating to the Project Facility, if any, on deposit with the Agency) such moneys as may be necessary to pay the costs of the replacement, repair, rebuilding or restoration of the Project Facility, and, in the event that the funds from the Net Proceeds of any insurance settlement provided by the Agency to the Company, if any, are not sufficient to pay in full the costs of such replacement, repair, rebuilding or restoration, the Company shall nonetheless complete such work and shall pay from its own moneys that portion of the costs thereof in excess of such funds, and (2) any balance of such funds from the Net Proceeds of any insurance settlement, if any, remaining on deposit with the Agency after payment of all of the costs of such replacement, repair, rebuilding or restoration shall be paid to the Company for its own purposes.

(B) Notwithstanding anything to the contrary contained in subsection (A) of this Section 7.1, the Company shall not be obligated to replace, repair, rebuild or restore the Project Facility, and the Net Proceeds of any insurance settlement shall not be applied as provided in subsection (A) of this Section 7.1, if the Company shall notify the Agency that it elects to exercise its option under Article XI hereof to terminate this Agency Lease. In such event, subject to the provisions of Section 6.4 of this Agency Lease, the Net Proceeds collected by the Agency under any and all policies of insurance covering the damage to or destruction of the Project Facility, after deducting the amount necessary to repay the Indebtedness, shall be paid to the Company for its own purposes. If the Net Proceeds collected under any and all policies of insurance are less than the amount necessary to repay the Indebtedness in full, the Company shall pay to the Agency the difference between the Net Proceeds of such insurance and the amount necessary to repay the Indebtedness in full.

(C) Unless an Event of Default under any of the Transaction Documents shall have occurred and be continuing, the Company may adjust all claims under any policies of insurance required by Section 6.3 hereof.

(D) The Company hereby waives the provisions of Section 227 of the Real Property Law of the State or any laws of like import, now or hereafter in effect.

SECTION 7.2 CONDEMNATION. To the best of the Company's knowledge, no Condemnation or eminent domain proceeding has been commenced or threatened against any part of the Project Facility or the Agency's or the Company's interest therein or in the Company Lease or this Agency Lease.

(A) If title to, or the use of, all or any part of the Project Facility shall be taken by Condemnation:

(1) the Agency shall not have any interest whatsoever in any condemnation award, and the Company shall have the exclusive right to same, and the Agency shall have no obligation to restore the Project Facility, or any part thereof;

(2) there shall be no abatement or reduction in the amounts payable by the Company under this Agency Lease or the PILOT Agreement (whether or not the Project Facility is restored);

(3) the Company shall promptly give notice thereof to the Agency; and

(4) except as otherwise provided in subsection (C) of Section 7.1, (a) the Company shall promptly restore the Project Facility (excluding any part of the Project Facility taken by Condemnation) as a complete architectural unit of substantially the same usefulness, design and construction as existed immediately prior to such Condemnation, with such changes, alterations and modifications as may be desired by the Company and consented to in writing by the Agency, provided that such changes, alterations or modifications do not so change the nature of the Project Facility that it does not constitute a “project” as such quoted term is defined in the Act, or change the use of the Project Facility as specified in Section 3.2 hereof without the prior written consent of the Agency, and (b)(1) subject to the provisions of Section 6.4 of this Agency Lease, the Agency shall make available to the Company (solely from the Net Proceeds of any Condemnation award, if any, on deposit with the Agency) such moneys as may be necessary to pay the costs of the restoration of the Project Facility, and in the event that the funds from the Net Proceeds of any Condemnation award on deposit with the Agency provided by the Agency to the Company are not sufficient to pay in full the costs of such restoration, the Company shall nonetheless complete such restoration and shall pay from its own moneys that portion of the costs thereof in excess of such funds, and (2) any balance of such funds from the Net Proceeds of any Condemnation award remaining on deposit with the Agency, if any, after payment of all of the costs of such restoration shall be paid to the Company for its own purposes.

(B) Notwithstanding anything to the contrary contained in subsection (B) of Section 7.1, the Company shall not be obligated to restore the Project Facility and the Net Proceeds of any Condemnation award shall not be applied as provided in subsection (A) (4) of Section 7.1, if the Company shall notify the Agency that it elects to exercise its option under Article XI hereof to terminate this Agency Lease. In such event, subject to the provisions of Section 6.4 of this Agency Lease, the Net Proceeds of any Condemnation award collected by the Agency, if any, after deducting the amount necessary to repay the Indebtedness, shall be paid over to the Company for its own purposes. If the Net Proceeds collected under any and all Condemnation awards are less than the amount necessary to repay the Indebtedness in full, the Company shall pay to the Agency the difference between such amounts and the Net Proceeds of such Condemnation awards so that the Indebtedness shall be repaid in full.

(C) Unless an Event of Default under any of the Transaction Documents shall have occurred and be continuing, the Company shall have sole control of any Condemnation proceeding with respect to the Project Facility or any part thereof or any interest therein or in the Company Lease or this Agency Lease and may negotiate the settlement of any such proceeding. The Company shall notify the Agency of the institution of any Condemnation proceedings and, within seven (7) days after inquiry from the Agency, inform the Agency in writing of the status of such proceeding.

(D) The Agency shall, at the expense of the Company, cooperate fully with the Company in the handling and conduct of any such Condemnation proceeding. In no event shall the Agency voluntarily settle, or consent to the settlement of, any such Condemnation

proceeding without the written consent of the Company, which consent shall not be unreasonably withheld or delayed.

SECTION 7.3 ADDITIONS TO THE PROJECT FACILITY. All replacements, repairs, rebuilding or restoration made pursuant to Section 7.1, whether or not requiring the expenditure of the Company's own money, shall automatically become part of the Project Facility as if the same were specifically described herein and shall be subject to this Agency Lease.

ARTICLE VIII SPECIAL COVENANTS

SECTION 8.1 NO WARRANTY OF CONDITION OR SUITABILITY BY THE AGENCY; ACCEPTANCE "AS IS". THE AGENCY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE PROJECT FACILITY OR ANY PART THEREOF OR AS TO THE SUITABILITY OF THE PROJECT FACILITY OR ANY PART THEREOF FOR THE COMPANY'S PURPOSES OR NEEDS. THE COMPANY SHALL ACCEPT THE PROJECT FACILITY "AS IS", WITHOUT RECOURSE OF ANY NATURE AGAINST THE AGENCY FOR ANY CONDITION NOW OR HEREAFTER EXISTING. NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY IS MADE. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE, WHETHER PATENT OR LATENT, THE AGENCY SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO.

(A) HOLD HARMLESS PROVISIONS. The Company hereby releases the Agency and its members, officers, agents (other than the Company), attorneys, servants and employees, past, present and future, from, agrees that the Agency and its members, officers, agents (other than the Company), attorneys, servants and employees, past, present and future, shall not be liable for and agrees to indemnify, defend (with counsel selected by the Agency) and hold the Agency and its members, officers, agents (other than the Company), attorneys, servants and employees, past, present and future, harmless from and against any and all claims, causes of action, judgments, liabilities, damages, losses, costs and expenses arising directly or indirectly as a result of the Agency's undertaking the Project, including, but not limited to: (1) liability for loss or damage to Property or bodily injury to or death of any and all Persons that may be occasioned, directly or indirectly, by any cause whatsoever pertaining to the Project or the Project Facility or arising by reason of or in connection with the occupation or the use thereof or the presence of any Person or Property on, in or about the Project Facility, (2) liability arising from or expense incurred by the Agency's acquiring, improving, equipping, installing, owning, leasing, subleasing, sub-subleasing or selling the Project Facility or arising from or incurred based on the Agency's involvement in the Project Facility, including, without limiting the generality of the foregoing, (i) all liabilities or claims arising as a result of the Agency's obligations under this Agency Lease or any of the other Transaction Documents or the enforcement of or defense of validity of any provision of any of the Transaction Documents, and (ii) all liabilities or claims arising as a result of the Agency's involvement in the Project or the granting of the Financial Assistance, (3) all liabilities and expenses arising from the failure or alleged failure of the Project Facility, the Company or the Company's members, officers, agents, attorneys, servants or employees to comply with Applicable Laws, including, without limitation,

any claim that the Agency aided or abetted in such failure or alleged failure to comply with Applicable Laws, (4) all claims arising from the exercise by the Company of the authority conferred on it pursuant to Section 4.1(E) of this Agency Lease, and (5) all causes of action and reasonable attorneys' fees and other expenses incurred in connection with any suits or actions which may arise as a result of any of the foregoing; provided that such claims, causes of action, judgments, liabilities, damages, losses, costs or expenses of the Agency are not incurred or do not result from the intentional wrongdoing of the Agency or any of its members, officers, agents (other than the Company), attorneys, servants or employees. The foregoing indemnities shall apply notwithstanding the fault or negligence in part of the Agency or any of its officers, members, agents (other than the Company), attorneys, servants or employees and notwithstanding the breach of any statutory obligation or any rule of comparative or apportioned liability.

(B) In the event of any claim against the Agency or its members, officers, agents (other than the Company), attorneys, servants or employees, past, present or future, by any employee of the Company or any contractor of the Company or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the obligations of the Company hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Company or such contractor under workers' compensation laws, disability benefits laws or other employee benefit laws.

(C) To effectuate the provisions of this Section 8.1, the Company agrees to provide for and insure its liabilities assumed pursuant to this Section 8.1 in the liability policies required by Section 6.3 of this Agency Lease.

(D) Notwithstanding any other provisions of this Agency Lease, the obligations of the Company pursuant to this Section 8.1 shall remain in full force and effect after the termination or expiration of this Agency Lease until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters herein described may be brought and the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses, charges and costs incurred by the Agency or its members, agents (other than the Company), attorneys, servants or employees, past, present or future, relating thereto.

SECTION 8.2 RIGHT OF ACCESS TO THE PROJECT FACILITY. The Company agrees that the Agency and its duly authorized agents shall have the right at all reasonable times and upon reasonable notice to enter upon and to examine and inspect the Project Facility; provided, however, that no such notice shall be required in the event of an emergency or if an Event of Default has occurred and is continuing under this Agency Lease. The Company further agrees that the Agency shall have such rights of access to the Project Facility (subject to the provisions of the immediately preceding sentence of this Section) as may be reasonably necessary to cause the proper maintenance of the Project Facility in the event of failure by the Company to perform its obligations hereunder, but the exercise of such right shall in no event be construed to mean that the Agency has assumed any obligation hereunder to perform such maintenance. The Agency shall honor and comply with any restricted access policy of the Company relating to the Project Facility, and in any event, any inspections shall be conducted so as not to interfere with the Company's business operations.

SECTION 8.3 COMPANY NOT TO TERMINATE EXISTENCE OR DISPOSE OF ASSETS. The Company agrees that, during the term of this Agency Lease, it (A) will maintain its limited liability company existence as in effect on the Closing Date, (B) will not dissolve or otherwise dispose of all or substantially all of its assets, and (C) will not consolidate with or merge into another limited liability company, corporation or other Person, or permit one or more limited liability company, corporation or other Persons to consolidate with or merge into it, without giving prior written notice to the Agency and obtaining the consent of the Agency. The Company agrees that it will not change its name or its state of organization without giving prior written notice to the Agency and obtaining the consent of the Agency, which consent shall not be unreasonably withheld or delayed.

SECTION 8.4 AGREEMENT TO PROVIDE INFORMATION. The Company agrees, whenever reasonably requested by the Agency, to promptly provide and certify or cause to be provided and certified such information concerning the Project Facility, the Company, and/or the Company's finances, operations and affairs and other topics as the Agency from time to time reasonably considers necessary or appropriate, including, but not limited to, such information as to enable the Agency to make any reports required by Applicable Laws or other governmental regulation or to ensure compliance with the provisions of this Agency Lease and the other Transaction Documents.

SECTION 8.5 BOOKS OF RECORD AND ACCOUNT; COMPLIANCE CERTIFICATES.

(A) The Company agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all business and affairs of the Company.

(B) Upon written request of the Agency, within thirty (30) days after the end of each fiscal year of the Company, the Company shall furnish to the Agency a certificate of an Authorized Representative of the Company stating that no Event of Default hereunder or under any other Transaction Document has occurred or is continuing or, if any Event of Default exists, specifying the nature and period of existence thereof and what action the Company has taken or proposes to take with respect thereto. The Company represents to the Agency that the Company's fiscal year ends on December 31st.

SECTION 8.6 COMPLIANCE WITH APPLICABLE LAWS.

(A) The Company agrees, for the benefit of the Agency, that it will, during the term of this Agency Lease, promptly comply with all Applicable Laws.

(B) Notwithstanding the provisions of subsection (A) of this Section 8.6, the Company may in good faith actively contest the validity or the applicability of any Applicable Law, provided that the Company (1) first shall have notified the Agency in writing of such contest, (2) no Event of Default shall have occurred and be continuing under any of the Transaction Documents beyond any applicable notice or cure period, (3) shall have set aside adequate reserves for any such requirement, (4) demonstrates to the reasonable satisfaction of the Agency that noncompliance with such Applicable Law will not subject the Project Facility or

any part thereof to loss or forfeiture, (5) demonstrates to the reasonable satisfaction of the Agency that such contest shall not result in the Company or the Agency being in any danger of any civil or criminal liability for failure to comply therewith, and (6) diligently prosecutes such contest to completion. Otherwise, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Agency.

(C) Notwithstanding the provisions of subsection (B) of this Section 8.6, if the Agency or any of its members, officers, agents (other than the Company), attorneys, servants or employees, past, present or future, may be liable for prosecution for failure to comply therewith, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Agency.

SECTION 8.7 DISCHARGE OF LIENS AND ENCUMBRANCES.

(A) The Company hereby agrees not to create or suffer to be created any Lien on any Properties of the Agency or on any funds of the Agency applicable to or deriving from the Project Facility.

(B) If any Lien (other than a Permitted Encumbrance) is filed or asserted, or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim, whether or not valid, is made against the Project Facility or any part thereof or the interest therein of the Company or the Agency or against any funds of the Agency applicable to or deriving from the Project Facility, the Company, immediately upon receiving notice of the filing, assertion, entry or issuance thereof, shall give written notice thereof to the Agency and take all action (including, without limitation, the payment of money and/or securing of a bond) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full thereof and remove or nullify the basis therefor. Nothing herein shall be construed as constituting the consent to or permission of the Agency for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien against the Agency's interest in the Project Facility.

SECTION 8.8 PERFORMANCE OF THE COMPANY'S OBLIGATIONS. Should the Company fail to make any payment or to do any act as herein provided, the Agency may, but shall not be obligated to, without notice to or demand on the Company and without releasing the Company from any obligation herein, make or do the same, including, without limitation, appearing in and defending any action purporting to affect the rights or powers of the Company or the Agency, and paying all fees, costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by the Agency in connection therewith; and the Company shall pay immediately upon demand all sums so incurred or expended by the Agency under the authority hereof, together with interest thereon, at the Default Interest Rate.

SECTION 8.9 DEPRECIATION DEDUCTIONS AND TAX CREDITS. The parties agree that as between them the Company shall be entitled to all depreciation deductions and accelerated cost recovery system deductions with respect to any portion of the Project Facility pursuant to Sections 167 and 168 of the Code and to any investment credit pursuant to Section 38 of the Code with respect to any portion of the Project Facility which constitutes "Section 38

Property” and to all other state and/or federal income tax deductions and credits which may be available with respect to the Project Facility.

SECTION 8.10 EMPLOYMENT OPPORTUNITIES.

(A) The Company shall ensure that all employees and applicants for employment with regard to the Project, including, without limitation, the employees of and applicants for employment with the Company, or any of its Affiliates, are afforded equal employment opportunities without discrimination.

(B) Pursuant to Section 858-b of the Act, except as otherwise provided by collective bargaining contracts or agreements, the Company agrees (1) to list all new employment opportunities created as a result of the Project with the New York State Department of Labor, Community Services Division (the “NYSDOL”) and with the administrative entity (collectively with NYSDOL, the “JTPA Referral Entities”) of the service delivery area created by the federal Job Training Partnership Act (P.L. No. 97-300) (including any successor statute thereto, including without limitation, the Workforce Investment Act of 1998 (P.L. No. 105-270), collectively, the “JTPA”) in which the Project Facility is located, and (2) where practicable, to first consider and to cause to be first considered for such new employment opportunities persons eligible to participate in federal JTPA programs who shall be referred by the JTPA Referral Entities.

(C) Pursuant to the requirements of subsection one of Section 6 of Chapter 127 of the 1995 Laws of the State, the Company agrees to file with the Agency, prior to the effective date of this Agency Lease, an employment plan, in form and substance satisfactory to the Agency.

(D) The Company agrees to file (or cause the Operator to file) with the Agency, on a calendar year basis not later than February 11 of each year during the term of this Agency Lease, measured as of December 31st of the immediately preceding calendar year, reports (i) enumerating the full-time equivalent jobs retained and the full time equivalent jobs created as a result of the granting of the Financial Assistance, by category, including full-time equivalent independent contractors and employees of independent contractors that work at the Project Facility, and (ii) indicating that the salary and fringe benefit averages or ranges for categories of jobs retained and jobs created that were set forth in the Application are then still accurate or, if not then still accurate, providing a revised list of salary and fringe benefit averages or ranges for categories of jobs retained and jobs created. Said annual reports shall be in substantially the form promulgated from time to time by the Agency. The current forms of reports are annexed hereto as Exhibit G. The Company shall provide such annual reports (and supporting documentation) and shall cause its Affiliates, tenants, occupants, operators, contractors and agents to provide such reports (and supporting documentation) with respect to their respective employees, if any, at the Project Facility. The Agency shall have the right, at the Company’s expense, to audit, confirm and/or require additional information with regard thereto and the Company agrees to cooperate with the Agency in connection therewith.

(E) The Company (through the Operator) shall, at all times during the term of this Agency Lease, maintain the Minimum Employment Requirement.

(F) Subject to (i) collective bargaining contracts or agreements and other existing contracts or agreements to which the Company is a party or by which the Company is bound and (ii) compliance with Applicable Laws, the Company agrees to list or cause to be listed all new employment opportunities created as a result of the Project on the County Jobs website or other website designated by the Agency from time to time, provided that such listing shall be at no cost to the Company.

(G) Subject to (i) collective bargaining contracts or agreements and other existing contracts or agreements to which the Company is a party or by which the Company is bound and (ii) compliance with Applicable Laws, the Company agrees that to the greatest extent possible all employment opportunities should be provided to residents of the County first.

SECTION 8.11 SALES AND USE TAX EXEMPTION.

(A) Pursuant to Section 874 of the Act, the parties understand that the Agency is exempt from certain sales and use taxes imposed by the State and local governments in the State, and that the Project may be exempted from those taxes due to the involvement of the Agency in the Project. Any exemption from the payment of New York sales and use taxes resulting from Agency involvement in the Project shall be limited to purchases of services and the purchase or lease of tangible personal property conveyed to the Agency or utilized by the Agency or by the Company or Operator as agent of the Agency, in connection with the completion of the acquisition, construction, installation and equipping of the Project Facility (but not the operation thereof). No operating expenses (including, without limitation, costs of utilities, cleaning services or supplies) of the Project and no other purchases or leases of services or property shall be subject to an exemption from the payment of New York sales or use taxes. The Agency makes no representations or warranties that any property or service is exempt from the payment of New York sales or use taxes.

(B) On the Sales Tax Agreement Closing Date, the Agency and the Company and/or the Operator shall execute and deliver a sales and use tax agency agreement in the form attached hereto as Exhibit E (the "Sales Tax Agency Agreement"). The granting of the sales and use tax exemption herein is subject to the following additional terms and conditions:

(1) The Sales Tax Agency Agreement shall be dated the Sales Tax Agreement Closing Date and shall be effective for a term commencing on its date and expiring upon the earliest to occur of: (a) the termination of this Agreement, (b) December 31, 2020 (the "Stated Sales Tax Expiration Date"), or (c) the termination of the Sales Tax Agency Agreement pursuant to the terms hereof and thereof;

(2) Anything in this Agreement or the Sales Tax Agency Agreement to the contrary notwithstanding, the sales and use tax exemption to be provided pursuant to the Sales Tax Agency Agreement (a) shall not be available for any date subsequent to which the Sales Tax Agency Agreement shall have been suspended as provided in this Agreement; (b) shall not be available for or with

respect to any tangible personal property having a useful life of less than one year or which shall not constitute a tangible capital asset; and (c) shall not be available after the Company or the Operator (or the contractors or subcontractors engaged by the Company or the Operator as its agents) shall have made purchases under the Sales Tax Agency Agreement resulting in sales and use tax exemptions in the aggregate amount of the Maximum Sales Tax Benefit;

(C) RESERVED.

(D) Pursuant to Section 874(8) of the Act, the Company and Operator agree to file annually (through the year after the Sales Tax Agency Agreement expires or is earlier terminated), the NYS Form ST-340, a copy of which is attached hereto as Exhibit K, with the New York State Department of Taxation and Finance (the "Department"), no later than the last day of February of the following year, in such manner as is prescribed by the New York State Commissioner of Taxation and Finance (the "Annual Sales Tax Report"), containing a statement of the value of all sales and use tax exemptions claimed by the Company and the Operator (and the contractors and subcontractors engaged by the Company and the Operator) under the authority granted to the Company pursuant to Section 4.1(E) of this Agreement during the preceding calendar year. Pursuant to Section 874(8) of the Act, the penalty for failure to file the Annual Sales Tax Report shall be the termination of authority to act as agent of the Agency. Additionally, if the Company and/or Operator shall fail to comply with the requirements of this subsection (D), the Company and/or the Operator (and their contractors and subcontractors) shall immediately cease to be the agent of the Agency in connection with the Project.

(E) The Company and the Operator agree to furnish to the Agency, simultaneously with its delivery of such report to the Department, a copy of each such Annual Sales Tax Report submitted to the Department by the Company pursuant to Section 874(8) of the Act.

(F) The Company and Agency acknowledge that, pursuant to Section 874(9) of the Act, the Agency shall file within thirty (30) days of the Sales Tax Agreement Closing Date with the Department on a form and in such manner as is prescribed by the Department (the "Thirty-Day Sales Tax Report"), said form being hereby recognized to be the Department's NYS Form ST-60. The Company and Operator have the power to delegate such agency, in whole or in part, to agents, subagents, contractors, subcontractors, contractors and subcontractors of such agents and subagents and to such other parties as the Company or Operator chooses including but not limited to the individuals and entities described on Schedule A attached hereto (collectively, the "Subagent"). The Company and Operator shall have the right to amend Schedule A from time to time and shall be responsible for maintaining an accurate list of all parties acting as agent for the Agency. The Company's and Operator's right to appoint subagents is expressly conditioned upon updating of Schedule A, hereto, along with the timely filing of such additional Form ST-60 for each subagent, the required NYS Form ST-60 being attached hereto as Exhibit I, with such updated Schedule A and a copy of and proof of filing of such ST-60 being immediately filed with the Agency. Any such appointment of a Subagent shall not be valid unless and until the contractor or subcontractor executes and delivers an agreement in the form required by the

Agency (each, a “Sub-Agent Agency Agreement”), a copy of which is attached hereto as Exhibit J.

(G) The Company and the Operator agree to furnish to the Agency, on request, an opinion of a certified public accountant to the effect that such accountant has audited the claiming of such exemption from sales and use taxes by the Company and/or the Operator (and the contractors and subcontractors engaged by the Company and the Operator and its agents) for the preceding calendar year, and has reviewed the terms and provisions of the Sales Tax Agency Agreement and of this Section 8.12, and has further audited the Quarterly Sales Tax Reports for the preceding calendar year, and that such Quarterly Sales Tax Reports were properly prepared and accurately reflect the matters certified therein.

(H) The Company and Operator covenant and agree that each shall include or cause to be included the following language in and as a part of each contract, agreement, lease, invoice, bill or purchase order entered into by the Company or Operator or Subagent, as agent of the Agency, in connection with the undertaking of the Project Facility:

“This [contract, agreement, lease, invoice, bill or purchase order] is being entered into by [] (the “Agent”), as approved agent for and on behalf of the County of Chautauqua Industrial Development Agency (the “Agency”) in connection with a certain project (the “Project”) of the Agency for Cockaigne Development LLC (the “Company”) and Cockaigne Resort, LLC (the “Operator”) consisting in part of the acquisition, construction, installation and equipping of a four-season recreational center and ski resort located at 1493 Thornton Road, Cherry Creek, New York 14723 (the “Premises”) and the acquisition of certain capital improvements, materials, machinery, equipment, trade fixtures, furniture, furnishings and other tangible personal property necessary for the completion of the Project. The capital improvements, materials, machinery, equipment, trade fixtures, furniture, furnishings and other tangible personal property necessary for completion of the Project, and any services related thereto which are the subject of this [contract, agreement, lease, invoice, bill or purchase order] shall be exempt from the sales and use taxes levied by the State of New York and the County of Chautauqua if effected in accordance with the terms and conditions set forth in the attached Sales Tax Agency Agreement of the Agency, and the Agent hereby represents that this [contract, agreement, lease, invoice, bill or purchase order] is in compliance with the terms of the Sales Tax Agency Agreement. This [contract, agreement, lease, invoice, bill or purchase order] is non-recourse to the Agency, and the Agency shall not be directly, indirectly or contingently liable or obligated hereunder in any manner or to any extent whatsoever. By execution or acceptance of this [contract, agreement, lease, invoice, bill or purchase order], the [vendor, lessor, licensor, contractor or subcontractor] hereby

acknowledges and agrees to the terms and conditions set forth in this paragraph.”

If the Company or Operator fails to include, incorporate by reference or otherwise cause the contract, agreement, lease, invoice, bill or purchase order to be subject to the above provision, then such contract, agreement, lease, invoice, bill or purchase order shall not be an undertaking on behalf of the Agency and shall not be entitled to any of the benefits that may be conferred by the Agency, neither the Company nor the Operator nor any contractor or subcontractor engaged by the Company and or the Operator as its agent shall claim any sales or use tax benefits or exemptions with respect thereto, and the Company and/or the Operator shall return or cause to be returned to the Agency any such benefits or exemptions so taken, together with interest thereon at the Default Interest Rate, from the date of such taking. For convenience purposes, in the instance where the vendor does not print on each invoice the acknowledgment as described in the prior sentence, an “Invoice Rider” (a copy of which is attached hereto as Schedule B) can be utilized for record keeping purposes.

(I) The Company and Operator agree to provide a completed Form ST-123, *IDA Agent or Project Operator Exempt Purchase Certificate* (the “Certificate”) to each vendor, lessor, licensor, contractor or subcontractor from which the Company or Operator (or a contractor or subcontractor engaged by the Company or Operator as its agent) purchases and/or leases goods or services or with which the Company or Operator (or a contractor or subcontractor engaged by the Company or Operator as its agent) enters into an improvement or installation contract relating to the acquisition, construction, installation and equipping of the Project Facility. The Company and the Operator acknowledge that, pursuant to Section 875 of the Act, the Certificate must be provided to the vendor, lessor, licensor, contractor or subcontractor in order for the contract, agreement, lease, invoice, bill or purchase order to be exempt from the imposition of sales and/or use taxes pursuant to the authority granted under Section 4.1(E) of this Agreement. The Company and the Operator agree to provide the Agency a copy of each such Form ST-123 within ten (10) business days after the delivery of such form to the vendor, lessor, licensor, contractor or subcontractor.

(J) (1) Without limitation of any of the Agency’s other rights under this Agreement, in the event that the Company or the Operator (or any contractor or subcontractor engaged by the Company or the Operator as its agent) shall utilize the sales or use tax exemption provided pursuant to Section 4.1(E) of this Agreement (i) in a manner that is not authorized or for which the Company or Operator (or any contractor or subcontractor engaged by the Company or Operator as its agent) is not entitled to claim an exemption, (ii) to claim exemptions in excess of the Maximum Sales Tax Benefit, (iii) to purchase or lease goods or services that are not authorized under this Agreement, or (iv) in a manner that violates the provisions of this Section 8.11 or any other provision of this Agreement or any provision of the Sales Tax Agency Agreement or any Sub-Agent Agency Agreement, then the Company or the Operator shall promptly deliver notice of same to the Agency, and the Company and/or the Operator shall promptly pay or cause to be paid to the Agency a return of sales or use tax exemptions in an amount equal to all such unauthorized sales or use tax exemptions together with interest at the Default Interest Rate from the date and with respect to the dollar amount for which each such unauthorized sales or use tax exemption was used by the Company or the Operator (or a contractor or subcontractor engaged by the Company or the Operator as its agent). If the

Company or Operator fails to promptly pay such return of sales or use tax exemptions when due, the Agency shall have the right, without limitation of any of its other rights under this Agreement, to take any action or commence any proceeding at law or in equity which may appear necessary or desirable to the Agency to recover any such amounts and the Agency shall have the right to join the Commissioner as a party in any such action or proceeding. The Company and the Operator shall cooperate with the Agency in all such actions and proceedings to recover such amounts. The Company and the Operator acknowledge and agree that its failure to pay over any such amounts to the Agency shall also be grounds for the Commissioner to assess and determine State Sales and Use Taxes due from the Company or the Operator under Article 28 or Article 28-A of the New York State Tax Law, together with any applicable penalties and interest due on such amounts.

(2) The Company and the Operator acknowledge and agree that, in the event the Agency recovers, receives or otherwise obtains any amount of State Sales and Use Tax from the Company or the Operator (or a contractor or subcontractor engaged by the Company or the Operator as its agent) pursuant to the foregoing subsection, the Agency shall have the right to remit same to the Commissioner, together with such information and report that the Commissioner deems necessary to administer payment over of such amounts, and the Company and/or Operator agree to indemnify, defend (with counsel selected by the Agency) and hold harmless the Agency and its members, officers, agents (other than the Company and the Operator), attorneys, servants and employees, past, present and future, against any liability incurred as a result of remitting such amounts to the Commissioner.

(3) Pursuant to Section 875 of the Act, the Agency shall prepare and file an annual compliance report (each, a "Compliance Report") detailing provisions of this Agreement and, if applicable, its activities and efforts to recover, receive or otherwise obtain State Sales and Use Taxes pursuant to the terms of this Agreement, together with such other information as the Commissioner and/or the Commissioner of Economic Development may require, which Compliance Report will be filed with the Commissioner, the Director of the Division of the Budget, the Commissioner of Economic Development, the State Comptroller, the Chautauqua County Legislature and the applicable City, Village, Town or Hamlet Council. The Company acknowledges the provisions of Section 875 of the Act, agrees to timely provide any information required by the Agency in connection with such Compliance Report and agrees to cooperate with the Agency in connection with the preparation and filing of such Compliance Report

SECTION 8.12 IDENTIFICATION OF THE EQUIPMENT. All Equipment which is or may become part of the Project Facility pursuant to the provisions of this Agency Lease shall be properly identified by the Company by such appropriate records, including computerized records, as may be approved by the Agency.

SECTION 8.13 FINANCIAL STATEMENTS. Within ninety (90) days after the end of each fiscal year, the Company shall deliver to the Agency the financial statements of the Company prepared and compiled by an independent certified public accountant, certified by the chief financial officer of the Company, including a balance sheet as of the last day of such period

and an operating statement through the last day of such period. The Company represents to the Agency that the Company's fiscal year ends on December 31st.

SECTION 8.14 ANTI-TERRORISM LAWS.

(A) General. Neither the Company nor any director, officer, member, manager or shareholder of the Company, nor any Affiliate of any of the foregoing, is in violation of any Anti-Terrorism Law or engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(B) Executive Order No. 13224. Neither the Company, nor any director, officer, member, manager or shareholder of the Company, nor any Affiliate of any of the foregoing, nor their respective agents acting or benefiting in any capacity in connection with the transactions contemplated by the Transaction Documents, is any of the following (each a "Blocked Person"):

(1) a Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224;

(2) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224;

(3) a Person or entity with which any lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(4) a Person or entity that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224;

(5) a Person or entity that is named as a "specially designated national" on the most current list published by the U.S. Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list, or

(6) a Person or entity who is affiliated or associated with a person or entity listed above.

(C) Blocked Person or Transactions. Neither the Company, nor any director, officer, member, manager or shareholder of the Company, nor any Affiliate of any of the foregoing, nor to the Company's knowledge any of its agents acting in any capacity in connection with the transactions contemplated by the Transactions Documents (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224.

(D) Trading with the Enemy. The Company is not engaged, nor does it intend to engage, in any business or activity prohibited by the Trading with the Enemy Act.

ARTICLE IX
ASSIGNMENTS; LEASING; MERGER OF THE AGENCY

SECTION 9.1 ASSIGNMENT OF THIS LEASE.

This Lease may not be sold, assigned or otherwise transferred by the Company, in whole or in part, without the prior written consent of the Agency, which consent shall not be unreasonably withheld, and shall in all events be subject to and conditioned upon the payment of the then-standard fees of the Agency and the satisfaction of all requirements of the Act. Any such sale, assignment or transfer made by the Company without the prior written consent of the Agency as aforesaid shall be null and void. Any such sale, assignment or transfer consented to by the Agency shall be made pursuant to documentation satisfactory to the Agency. The Company shall pay all reasonable and customary fees and expenses incurred by the Agency in connection with such sale, assignment or transfer.

SECTION 9.2 MERGER OF THE AGENCY.

(A) Nothing contained in this Agency Lease shall prevent the consolidation of the Agency with, or merger of the Agency into, or assignment by the Agency of its rights and interests hereunder to, any other public benefit corporation of the State or any political subdivision thereof which has the legal authority to perform the obligations of the Agency hereunder and under the other Transaction Documents; provided that upon any such consolidation, merger or assignment, the due and punctual performance and observance of all of the agreements and conditions of this Agency Lease to be kept and performed by the Agency shall be expressly assumed in writing by the public benefit corporation or political subdivision resulting from such consolidation or surviving such merger or to which the Agency's rights and interests under this Agency Lease shall be assigned.

(B) As of the date of any such consolidation, merger or assignment, the Agency shall endeavor to give notice thereof in reasonable detail to the Company. The Agency shall promptly furnish to the Company such additional information with respect to any such consolidation, merger or assignment as the Company may reasonably request.

SECTION 9.3 SALE OR LEASE OF THE PROJECT FACILITY.

(A) The Company shall not lease, sublease, sub-sublease, license or otherwise permit others to use or occupy the Project Facility or any portion thereof without the prior written consent of the Agency (with the exception of customers and employees), which consent shall not be unreasonably withheld, except for leases, subleases, sub-subleases and other occupancy arrangements as set forth in Subsection (B) of this Section 9.3, if any; provided, however, in each case (1) the Company shall remain liable to the Agency for the payment of all rent and for the full performance of all of the terms, covenants and conditions of this Agency Lease, and (2) any approved Sublease Agreement will not diminish or impair the obligation of the Company to carry the insurance required under Article VI hereof, and that such insurance coverage shall in no manner be limited by such Sublease Agreement.

(B) (1) The Company shall not, without the prior written consent of the Agency, which consent may be withheld in the reasonable discretion of the Agency, lease, sublease, license or permit others to occupy the Project Facility, or any portion thereof, in any manner that would cause (i) the removal of a facility or plant of the tenant or occupant from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of such tenant or occupant located within the State, or (ii) the Project Facility not to constitute a “project”, as such quoted term is defined in the Act, or (iii) the Project Facility, in the reasonable judgment of the Agency, to be in disrepute as a public project, or (iv) the Project Facility or any part thereof to be leased, subleased or occupied by a Prohibited Person or an Affiliate of a Prohibited Person, or (v) the Project Facility or the operation thereof to be in violation of any Applicable Law, or (vi) funds of the Agency to be given hereunder to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State. The Company shall include or cause to be included restrictions substantially the same as those set forth in the immediately preceding sentence in all Sublease Agreements. Except as prohibited above, and in recognition that the Company may sublease or license third party end users to utilize the Project Facility in the ordinary course as contemplated with respect to the Project, the Company may lease, sublease, license or permit the occupancy of all or any portion of the Project Facility without the Agency’s prior consent, pursuant to a commercially reasonable user lease agreement that establishes a landlord-tenant relationship between the Company and the Sublessee, or a commercially reasonable user license agreement that establishes a licensor-licensee relationship between the Company the licensee, which, in either case, shall be in a form and substance satisfactory to the Agency’s Chief Executive Officer in consultation with the Agency’s counsel.

(2) Within thirty (30) days after the end of each fiscal year, the Company shall deliver to the Agency a current rent roll and a certificate, (i) listing all Sublease Agreements entered into with respect to the Project Facility, or any part thereof, during the immediately preceding fiscal year, including, without limitation, the name of the tenant or occupant, the square footage of the space, the rental and other consideration for such Sublease Agreement, and such other information as the Agency may reasonably require from time to time, and (ii) certifying that such Sublease Agreements do not and shall not result in a violation of the terms of this Agency Lease or any other Transaction Document.

(C) Subject to Subsection (D) of this Agency Lease, the Company shall not sell, transfer, convey or otherwise dispose of its interest in the Project Facility or any portion thereof without the prior written consent of the Agency, which consent may be granted or withheld in the Agency’s sole and absolute discretion.

(D) Notwithstanding anything to the contrary contained in this Section 9.3, in any instance where the Company determines that any portion of the Project Facility has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company may remove such portion of the Project Facility and may sell, trade in, exchange or otherwise dispose of the same, as a whole or in part, without the prior written consent of the Agency but, upon reasonable prior notice to the Agency, provided that such removal will not materially impair the value of the Project Facility as collateral and provided the same is forthwith replaced with items of similar quality and value as the items replaced as of the date of original installation of the

replaced items. At the request of the Company, the Agency shall execute and deliver to the Company all instruments reasonably necessary or appropriate to enable the Company to sell or otherwise dispose of any such item of Property free from the Liens of the Transaction Documents. The Company shall pay all reasonable costs and expenses (including reasonable attorneys' fees and expenses) incurred in transferring title to and releasing from the Liens of the Transaction Documents any item of Property removed pursuant to this Section 9.3.

ARTICLE X EVENTS OF DEFAULT AND REMEDIES

SECTION 10.1 EVENTS OF DEFAULT DEFINED.

(A) The following shall be "Events of Default" under this Agency Lease, and the terms "Event of Default" or "default" shall mean, whenever they are used in this Agency Lease, any one or more of the following events:

(1) A default by the Company in the due and punctual payment of any amount due under this Agency Lease or under any other Transaction Document, and the continuance thereof for a period of ten (10) business days after written notice thereof is given by the Agency to the Company.

(2) A default in the performance or observance of any covenant, condition or agreement on the part of the Company in this Agency Lease (other than as set forth in subsection (1) above or in any other subsection of this Section 10.1(A)) and the continuance thereof for a period of thirty (30) business days after written notice thereof is given by the Agency to the Company, or, if such covenant, condition or agreement is capable of cure but cannot be cured within such thirty (30) business day period, the failure of the Company to commence to cure within such thirty (30) business day period and to prosecute the cure to completion with due diligence.

(3) The occurrence of an "Event of Default" under any other Transaction Document beyond any applicable notice and/or cure periods.

(4) The Company shall generally not pay its debts as such debts become due or admits its inability to pay its debts as they become due.

(5) The Company shall conceal, remove or permit to be concealed or removed any part of its Property, with intent to hinder, delay or defraud its creditors, or any one of them, or shall make or suffer a transfer of any of its Property which is fraudulent under any bankruptcy, fraudulent conveyance or similar law; or shall make any transfer of its Property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or shall suffer or permit, while insolvent, any creditor to obtain a Lien upon any of its Property through legal proceedings or distraint which is not vacated within ten (10) days from the date thereof.

(6) (a) The filing by the Company (as debtor) of a voluntary petition under Title 11 of the United States Code or any other federal or state bankruptcy or insolvency statute; (b) the failure by the Company within thirty (30) days to lift any execution,

garnishment or attachment of such consequence as will impair the Company's ability to carry out its obligations hereunder; (c) the commencement of a case under Title 11 of the United States Code against the Company as the debtor or commencement under any other federal or state bankruptcy or insolvency statute of a case, action or proceeding against the Company and continuation of such case, action or proceeding without dismissal for a period of thirty (30) days; (d) the entry of an order for relief by a court of competent jurisdiction under Title 11 of the United States Code or any other federal or state bankruptcy statute with respect to the debts of the Company; or (e) in connection with any insolvency or bankruptcy case, action or proceeding, appointment by final order, judgment or decree of a court of competent jurisdiction of a receiver, liquidator or trustee of the whole or a substantial portion of the Property of the Company, unless such order, judgment or decree is vacated, dismissed or dissolved within thirty (30) days of such appointment.

(7) If any interest in the Company shall be sold, assigned, transferred, conveyed, mortgaged, pledged, hypothecated or alienated, or if any member or shareholder of the Company enters into an agreement or contract to do so, without the prior written consent of the Agency.

(8) The imposition of a Lien on the Project Facility other than a Permitted Encumbrance and the failure of the Company to remove such Lien, whether by the payment of money, the securing of a bond or otherwise, within fifteen (15) days after the Company receives notice or becomes aware of such imposition.

(9) The removal of the Project Facility, or any portion thereof, outside the County, without the prior written consent of the Agency, other than in connection with a removal permitted under Section 9.3(D) of this Agency Lease.

(10) If any certificate, statement, representation, warranty or financial statement made to the Agency by or on behalf of the Company shall prove to have been false, misleading or incorrect in any material respect at the time as of which the facts therein set forth were made, or to have omitted any material liability or claim against the Company.

(11) If the environmental or ecological condition of the Project Facility is in violation of any Environmental Law or any permit, license or approval related thereto or if the Project Facility, or any part thereof, contains any Hazardous Materials (except Hazardous Materials which do not violate Environmental Laws), and the Company is unable to comply with such Environmental Laws within thirty (30) business days of the notification or discovery of such violation or complete all appropriate and lawful remedial containment and clean-up action within thirty (30) business days of the notification or discovery of the existence of such Hazardous Materials.

(12) Any loss or impairment of the Agency's interest in and to the Project Facility, or any part thereof.

(13) The Company or any Affiliate of any of the foregoing or any director, member, manager, officer or shareholder of the Company shall become a Prohibited Person.

(14) Any assignment of this Agency Lease or the Company Lease, in whole or in part, or any letting or sub-subletting of the Project Facility, or any portion thereof, in violation of the terms of this Agency Lease.

(15) An Event of Default shall occur beyond any applicable notice and/or cure periods, under the Company Lease or under any other Permitted Encumbrance.

(16) The Company defaults under or attempts to withdraw, rerate, cancel or disclaim liability under any guaranty or indemnity made by such party in favor of the Agency, including, without limitation the Environmental Indemnification as provided herein.

(17) If the Company fails to maintain the Minimum Employment Requirement at any time during the term of this Agency Lease.

(18) Failure by the Company at any time to keep in full force and effect the insurance policies and coverages required by Section 6.3 of this Agency Lease.

(19) Any loss or impairment of the Company's interest in and to the Project Facility, or any part thereof.

(B) Notwithstanding the provisions of Section 10.1(A) hereof if by reason of force majeure (as hereinafter defined) either party hereto shall be unable, in whole or in part, to carry out its obligations under this Agency Lease and if such party shall give notice and full particulars of such force majeure event or cause in writing to the other party within a reasonable time after the occurrence of the event or cause relied upon, the obligations under this Agency Lease of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of the inability to perform. The suspension of such obligations for such period pursuant to this subsection (B) shall not be deemed an Event of Default under this Section 10.1. Notwithstanding anything to the contrary in this subsection (B), an event of force majeure shall not excuse, delay or in any way diminish the obligations of the Company to make the payments required under this Agency Lease, to obtain and continue in full force and effect the insurance required by Article VI hereof, to provide the indemnity required by Sections 2.2(F), 3.1, 3.3, 4.1(E), 6.3, 8.1 and 12.9(C) hereof and to comply with the provisions of Sections 2.2(F), 6.5, 8.2, 8.4, 8.5 and 8.6(C) hereof. The term "force majeure" as used herein shall include acts outside of the control of the Agency and the Company, including, but not limited to, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, restraint of government and people, civil disturbances, breakage or accident to transmission pipes or canals, and failure of utilities.

SECTION 10.2 REMEDIES ON DEFAULT.

(A) Whenever any Event of Default shall have occurred and be continuing, the Agency may, to the extent not prohibited by law, take any one or more of the following remedial steps:

(1) declare, by written notice to the Company, to be immediately due and payable, whereupon the same shall become immediately due and payable, (a) all amounts payable pursuant to Section 5.3 hereof, and (b) all other payments due under this Agency Lease or any of the other Transaction Documents, including, without limitation, any resulting Recapture of Benefits under Section 11.4 of this Agency Lease; or

(2) take any other action as it shall deem necessary to cure any such Event of Default, provided that the taking of any such action shall not be deemed to constitute a waiver of such Event of Default; or

(3) terminate this Agency Lease and/or terminate the Company Lease and/or convey to the Company all the Agency's right, title and interest in and to the Project Facility. The conveyance of the Agency's right, title and interest in and to the Project Facility shall be effected by the execution by the Agency of the Termination of Lease and/or the Termination of Company Lease and/or the delivery of the Bill of Sale to Company or Operator as applicable. The Company hereby agrees to pay all expenses and taxes, if any, applicable to or arising from any such termination and conveyance. The Company hereby waives delivery and acceptance of such termination and the Company and the Operator hereby waive delivery and acceptance of the appropriate Bill of Sale to Company or Operator as a condition to their validity, and appoints the Agency their true and lawful agent and attorney-in-fact (which appointment shall be deemed to be an agency coupled with an interest) with full power of substitution to file on their behalf all affidavits, questionnaires and other documentation necessary to accomplish the recording or filing of such documents; or

(4) bring an action for damages, injunction or specific performance; or

(5) suspend the right of the Company and or the Operator (and their contractors and subcontractors as its agents) to act as agent for the Agency in connection with the Project, including, without limitation, as its agent for the purpose of the sales and use tax exemption afforded to the Company and the Operator pursuant to this Agency Lease; or

(6) require the Company to make payments in lieu of real property taxes under the PILOT Agreement in amounts equal to the amounts the Company would otherwise be required to pay if the Company were the owner of the Project Facility (and the Agency did not hold an interest therein); or

(7) take any other action at law or in equity which may appear necessary or desirable to collect any amounts then due or thereafter to become due hereunder and to enforce the obligations, agreements or covenants of the Company under this Agency Lease.

(B) No action taken pursuant to this Section 10.2 (including repossession of the Project Facility) shall relieve the Company from its obligations to make all payments required by this Agency Lease and the other Transaction Documents.

SECTION 10.3 REMEDIES CUMULATIVE. No remedy herein conferred upon or reserved to the Agency is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Agency Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Agency to exercise any remedy reserved to it in this Article X, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 10.4 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES. In the event the Company should default under any of the provisions of this Agency Lease or any other Transaction Document and the Agency should retain attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Company herein contained, the Company shall, on demand therefor, pay to the Agency such fees and expenses (including, without limitation, reasonable attorneys' fees and expenses) so incurred, whether an action is commenced or not.

SECTION 10.5 NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER. In the event any agreement contained herein should be breached by either party and thereafter such breach be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI OPTIONS TO TERMINATE

(A) EARLY TERMINATION OF THE LEASE. The Company shall have the option to terminate this Agency Lease at any time prior to the termination date specified in Section 5.2 hereof, by 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 11.1 and setting forth the effective date of such termination, which effective date shall not be less than thirty (30) days after the delivery of the certificate to the Agency. The exercise of the option to terminate pursuant to this Section 11.1 shall constitute a "Recapture Event" (as such term is defined in Section 11.4 hereof). The Company shall not, at any time, assign or transfer its option to terminate this Agency Lease and purchase the Agency's interest in the Project Facility as contained in this Section 11.1 separate and apart from a permitted assignment of this Agency Lease pursuant to Section 9.1 of this Agency Lease without the prior written consent of the Agency. EXPIRATION OF THE LEASE. Assuming that the Agency Lease is not earlier terminated under Section 11.1(A) hereof, the Agency Lease shall expire and therefore terminate upon the Company's payment of fifteen (15) annual payments as required under the PILOT Agreement executed herewith and the expiration thereof of the PILOT Agreement. OBLIGATIONS FOLLOWING TERMINATION OF THE LEASE.

(A) Contemporaneously with the termination of this Agency Lease in accordance with Section 5.2 or Section 11.1 hereof, the Company shall pay all sums required to be paid to the Agency or any other Person pursuant to this Agency Lease and the other Transaction Documents (including any applicable Recapture of Benefits). The obligation of the Agency under this Section 11.2 to convey its interest in the Project Facility to the Company will be subject to there being no Event of Default existing hereunder or under any other Transaction Document, and there being no other event which would, but for the passage of time or the giving of notice, or both, be such an Event of Default.

(B) The termination of this Agency Lease and the conveyance of the Agency's right, title and interest in and to the Project Facility shall be effected by the execution and delivery by the Agency of (1) the Termination of Company Lease (an unexecuted copy of which is attached hereto as Exhibit C), (2) the Bill of Sale to Company and Bill of Sale to Operator (an unexecuted copy of each of which is attached hereto as Exhibit D) and (3) the Termination of Lease (an unexecuted copy of which is attached hereto as Exhibit F). The Company hereby agrees to pay all expenses and taxes, if any, applicable to or arising from such termination, including, without limitation, all of the Agency's reasonable costs and expenses in connection therewith (including reasonable attorneys' fees and expenses).

(C) The Company agrees to prepare the Termination of Company Lease, the Bill of Sale to Company, the Bill of Sale to Operator and/or the Termination of Lease, and all schedules thereto, together with all equalization and assessment forms and other necessary documentation, and to forward same to the Agency at least fifteen (15) days prior to the date that this Agency Lease is to be terminated and the Agency's interest in the Project Facility or any portion thereof is to be conveyed to the Company. The Company hereby irrevocably appoints and designates the Agency as its attorney-in-fact for the purpose of executing, delivering and/or recording such documents and to take such other and further action as shall be necessary to terminate the Agency's interest in the Project Facility.

(D) This Lease shall survive the transfer of the Project Facility to the Company pursuant to this Section 11.2 and shall remain in full force and effect until ninety-one (91) days after all of the Indebtedness shall have been paid in full, and thereafter the obligations of the Company shall survive as set forth in Section 12.7 hereof.

(E) Upon the payment in full of all Indebtedness, and notwithstanding the survival of certain obligations of the Company as described in Section 12.7 hereof, the Agency shall upon the request of the Company execute and deliver to the Company such documents as the Company may reasonably request, in recordable form if so requested, to evidence the termination and release of all Liens granted to the Agency hereunder.

SECTION 11.3 RESERVED.

SECTION 11.4 RECAPTURE OF AGENCY BENEFITS.

(A) It is understood and agreed by the parties to this Agency Lease that the Agency is entering into this Agency Lease in order to provide the Financial Assistance to the Company for the Project and to accomplish the purposes of the Act. In consideration therefor,

the Company hereby agrees that if there shall occur a Recapture Event (as hereinafter defined), then the Agency at its option may pursue a return of public benefits conferred by the Agency (or waive such a return of public benefits at its sole and complete discretion). Should the Agency elect to pursue a return of public benefits conferred by the Agency as the result of a Recapture Event, the amount of such benefits shall be as follows (such amount, the “Recapture of Benefits”):

(1) one hundred per cent (100%) of the Benefits (as defined below) if the Recapture Event occurs on or before the sixth (6th) anniversary of the Closing Date;

(2) eighty per cent (80%) of the Benefits if the Recapture Event occurs after the sixth (6th) anniversary of the Closing Date but on or before the seventh (7th) anniversary of the Closing Date;

(3) sixty per cent (60%) of the Benefits if the Recapture Event occurs after the seventh (7th) anniversary of the Closing Date but on or before the eighth (8th) anniversary of the Closing Date;

(4) forty per cent (40%) of the Benefits if the Recapture Event occurs after the eighth (8th) anniversary of the Closing Date but on or before the ninth (9th) anniversary of the Closing Date;

(5) twenty per cent (20%) of the Benefits if the Recapture Event occurs after the ninth (9th) anniversary of the Closing Date but on or before the tenth (10th) anniversary of the Closing Date;

(6) ten per cent (10%) of the Benefits if the Recapture Event occurs after the tenth (10th) anniversary of the Closing Date but on or before the eleventh (11th) anniversary of the Closing Date; or

(7) zero per cent (0%) of the Benefits thereafter.

(B) The term “Benefits” shall mean the Agency’s calculation of, collectively:

(1) all real estate/real property tax benefits which have accrued to the benefit of the Company during such time as the Agency held an interest in the Project Facility by reason of such interest, such tax benefits to be computed by subtracting the payments in lieu of taxes paid under the PILOT Agreement (through the date that the Project Facility is returned to the tax rolls as taxable property) from those payments which the Company would have been required to pay through such date had the Company been the owner of the Project Facility and the Agency not been involved in the Project and based on the records of the Tax Assessor, and treating any negative result as \$0; and

(2) all miscellaneous benefits derived from the Agency’s participation in the transactions contemplated by this Agency Lease, including, but not limited to, any exemption from real property transfer taxes, any exemption from mortgage recording taxes and any exemption from applicable sales and use taxes, provided, however, that the recapture of the value of any exemption from sales and/or use taxes shall be in the full

amount of any exemption taken and shall not be subject to the scheduled percentage reduction set forth in Subsection (A) above.

(C) For the purposes of this Section 11.4 the term “Recapture Event” shall mean the occurrence of any of the following events:

- (1) The Company shall have liquidated its operations and/or assets; or
- (2) The Company shall have ceased all or substantially all of its operations at the Project Facility (whether by closure or by relocation to another facility either within or outside of the County); or
- (3) The Company shall have transferred all or substantially all of its employees engaged in the construction, maintenance or operation of the Project Facility to a location outside of the County; or
- (4) The occurrence and continuance of an Event of Default under this Agency Lease or any other Transaction Document; or
- (5) The Company shall have effected a substantial change in the scope and nature of the operations of the Company at the Project Facility without the prior written consent of the Agency; or
- (6) The Company shall have sold, leased, subleased, sub-subleased, assigned, transferred or otherwise disposed of all or any part of its interest in the Project Facility in violation of this Agency Lease; or
- (7) The Company fails to maintain the Minimum Employment Requirement at any time during the term of this Agency Lease; or
- (8) The Application, or documentation in support of the Application, contained a false or misleading statement as to any fact in the Application or omitted any information which, if included, would have rendered any information in the Application or supporting documentation false or misleading in any material respect, and such false or misleading statement or omission was made knowingly by the Company.

Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event shall have arisen as a direct, immediate result of (i) a Condemnation by governmental authority of all or substantially all of the Project Facility or any interest therein, or (ii) the inability at law of the Company to rebuild, repair, restore or replace the Project Facility after the occurrence of a casualty to substantially its condition prior to such casualty, which inability shall have arisen in good faith through no fault on the part of the Company.

(D) The Company covenants and agrees to furnish the Agency with written notification upon the occurrence of any Recapture Event, which notification shall set forth the terms of such Recapture Event.

(E) In the event any payment owing by the Company under this Section 11.4 shall not be paid on demand by the Company, such payment shall bear interest from the date of such demand at the Default Interest Rate until the Company shall have paid such payment in full, together with such accrued interest to the date of payment, to the Agency.

ARTICLE XII
MISCELLANEOUS

SECTION 12.1 NOTICES.

(A) All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given on the earlier of (1) three (3) Business Days after being sent to the applicable address stated below by registered or certified mail, return receipt requested, or two (2) Business Days after being sent by nationally recognized overnight courier service, or (2) the date on which delivery is refused by the addressee, as evidenced by the affidavit of the Person who attempted to effect such delivery.

(B) The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

To the Agency: County of Chautauqua Industrial Development Agency
201 West Third Street, Suite 115
Jamestown, New York 14701
Attention: Administrative Director

with a copy to: Phillips Lytle LLP
201 West Third Street, Suite 205
Jamestown, New York 14701
Attention: Gregory L. Peterson, Esq.

To the Company: Cockaigne Development LLC
1493 Thornton Road
Cherry Creek, New York 14723
Attention: Isaac Gratto

With a copy to:
Harris Beach PLLC
726 Exchange Street, Suite 1000
Buffalo, NY 14201
Attention: Robert G. Murray, Esq.

(C) The Agency and the Company may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

SECTION 12.2 BINDING EFFECT. This Lease shall inure to the benefit of the Agency and the Company and shall be binding upon the Agency, the Company and, as permitted by this

Agency Lease, their respective successors and assigns, but no assignment shall be effective to relieve the Company of any of its obligations hereunder unless expressly authorized and approved in writing by the Agency.

SECTION 12.3 SEVERABILITY. If any one or more of the covenants or agreements provided herein on the part of the Agency or the Company to be performed shall, for any reason, be held or shall, in fact, be inoperative, unenforceable or contrary to law in any particular case, such circumstance shall not render the provision in question inoperative or unenforceable in any other case or circumstance. Further, if any one or more of the phrases, sentences, clauses, paragraphs or sections herein shall be held void, voidable, invalid or unenforceable by a court of competent jurisdiction, then such covenant or covenants or agreement or agreements shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Agency Lease.

SECTION 12.4 AMENDMENT. This Lease may not be amended, changed, modified, altered or terminated, except by an instrument in writing signed by the parties hereto.

SECTION 12.5 EXECUTION OF COUNTERPARTS. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 12.6 APPLICABLE LAW. This Lease shall be governed by and construed in accordance with the applicable laws of the State, as in effect from time to time, without regard to its principles of conflicts of law.

SECTION 12.7 SURVIVAL OF OBLIGATIONS.

(A) The obligations of the Company to make the payments required by Sections 2.2(F), 3.1, 3.3, 4.1, 5.3, 5.4, 6.5, 8.2, 8.9, 8.11, 9.1, 9.3, 10.2 10.4, 11.2 and 11.4 hereof and to provide the indemnity required by Sections 2.2(F), 3.1, 3.3, 4.1(E), 6.3, 8.2 and 12.9(C) hereof shall survive the termination of this Agency Lease, and all such payments after such termination shall be made upon demand of the party to whom such payment is due.

(B) The obligations of the Company to the Agency with respect to the Unassigned Rights shall survive the termination or expiration of this Agency Lease until the expiration of the period stated in the applicable statute of limitation during which a claim, cause of action or prosecution relating to the Unassigned Rights may be brought and the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses and charges incurred by the Agency, or its officers, members, agents (other than the Company), attorneys, servants or employees, past, present or future, related thereto.

SECTION 12.8 TABLE OF CONTENTS AND SECTION HEADINGS NOT CONTROLLING. The Table of Contents and the headings of the several Sections in this Agency Lease have been prepared for convenience of reference only and shall not control, affect the meaning of or be taken as an interpretation of any provision of this Agency Lease.

SECTION 12.9 NO RECOURSE; SPECIAL OBLIGATION.

(A) The obligations and agreements of the Agency contained herein and in the other Transaction Documents and any other instrument or document executed in connection therewith or herewith, and any other instrument or document supplemental thereto or hereto, shall be deemed the obligations and agreements of the Agency, and not of any member, officer, agent (other than the Company), servant or employee of the Agency in his individual capacity, and the members, officers, agents (other than the Company), servants and employees, past, present and future, 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 herein and therein shall not constitute or give rise to an obligation of the State or 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 lease, sale or other disposition of the Agency's interest in the Project Facility (except for revenues derived by the Agency with respect to the Unassigned Rights).

(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 (1) 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) business 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) business days, shall have failed to institute and diligently pursue action to cause compliance with such request within such ten (10) business day period) or failed to respond within such notice period, (2) 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 fees and expenses, and (3) 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 members, officers, agents (other than the Company), servants or employees, past, present or future, shall be subject to potential liability, the party seeking such order or decree shall (a) agree to indemnify, defend (with counsel selected by the Agency) and hold harmless the Agency and its members, officers, agents (other than the Company), attorneys, servants and employees, past, present and future, against any liability incurred as a result of its compliance with such demand, and (b) if requested by the Agency, furnish to the Agency satisfactory security to protect the Agency and its members, officers, agents (other than the Company), servants and employees, past, present and future, against all liability expected to be incurred as a result of compliance with such request.

SECTION 12.10 NET LEASE. The obligation of the Company to make the payments specified in this Agency Lease shall be absolutely net to the Agency without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this Agency Lease shall yield, net, to the Agency, the payments set forth herein.

SECTION 12.11 WAIVER OF JURY TRIAL. THE COMPANY AND THE AGENCY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE, ANY OTHER TRANSACTION DOCUMENT OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION WITH THIS LEASE.

SECTION 12.12 PRIOR AGREEMENTS. This Lease and the other Transaction Documents shall completely and fully supersede all other prior understandings or agreements, written or oral, between the Company and the Agency relating to the Project.

SECTION 12.13 SERVICE OF PROCESS.

(A) The Company represents that it is subject to service of process in the State of New York and covenants that it will remain so subject so long as this Agency Lease shall be in effect. If for any reason the Company should cease to be so subject to service of process in the State of New York, the Company hereby designates and appoints, without power of revocation, the law firm of Harris Beach, PLLC, and successor(s) as its agent for service of process, and if such agent shall cease to act or otherwise cease to be subject to service of process in the State of New York, the Secretary of State of the State of New York, as the agents of the Company upon whom may be served all process, pleadings, notices or other papers which may be served upon the Company as a result of any of its obligations under this Agency Lease; provided, however, that the serving of such process, pleadings, notices or other papers shall not constitute a condition to the Company's obligations hereunder.

(B) The Company irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Agency Lease or the other Transaction Documents may be brought in the courts of record of the State of New York in the County of Chautauqua or the courts of the United States, Western District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; and (c) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts. For such time as this Agency Lease is in effect, the Company's agents designated above shall accept and acknowledge in the Company's behalf service of any and all process in any such suit, action or proceeding brought in any such court. The Company agrees and consents that any such service of process upon such agents and written notice of such service to the Company in the manner set forth in Section 12.1 hereof shall be taken and held to be valid personal service upon the Company whether or not the Company shall then be doing, or at any time shall have done, business within the State of New York and that any such service of process shall be of the same force and validity as if service were made upon the Company according to the laws governing the validity and requirements of such service in the State of New York, and waives all claim of error by reason of any such service. Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Company or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Company.

SECTION 12.14 THIRD PARTY BENEFICIARIES. Nothing herein is intended to be for, or to inure to, the benefit of any Person other than the parties hereto.

SECTION 12.15 NON-DISCRIMINATION.

(A) At all times during the term of this Agency Lease, the Company shall not discriminate against any employee or applicant for employment because of race, color, religion, age, gender, sexual orientation, national origin, marital status, military status, disability, familial status or other characteristic or criteria protected by Applicable Law. The Company shall use reasonable efforts to ensure that employees and applicants for employment with any tenant, subtenant, occupant or user of the Project Facility, or any part thereof, or any contractor or subcontractor with respect to the Project Facility, are treated without regard to their race, color, ethnicity, religion, creed, age, gender, sexual orientation, national origin, marital status, military status, disability, familial status or other characteristic or criteria protected by Applicable Law. As used herein, the term "treated" shall mean and include, without limitation, the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated.

SECTION 12.16 DATE OF LEASE. The date of this Agency Lease shall be for reference purposes only and shall not be construed to imply that this Agency Lease was executed on the date first above written. This Lease was executed and delivered on June 1, 2018.

SECTION 12.17 RECORDING AND FILING. This Lease or a memorandum hereof shall be recorded by the Company in the appropriate office of the Clerk of the County, or in such other office as may at the time be provided by law as the proper place for the recordation thereof.

SECTION 12.18 SUBORDINATION. This Lease and all of the Transaction Documents, except for the PILOT Agreement, the Agency's rights under Section 11.4 of this Lease and the Agency's rights with respect to the Unassigned Rights under this Lease, shall be subject and subordinate to the lien and the terms and conditions of the Bank Mortgage, including all amounts advanced thereunder and all renewals, modifications and replacements thereof. The Bank Mortgage (including all amounts advanced thereunder and all renewals, modifications and replacements thereof) shall be subject and subordinate to the PILOT Agreement, the Agency's rights under Section 11.4 of this Lease and the Agency's rights with respect to the Unassigned Rights under this Lease.

SECTION 12.19 SPECIAL BANK PROVISIONS.

(A) The Company hereby directs the Agency to give and the Agency hereby agrees to give the Bank notice, in the manner set forth in Section 12.1 of this Lease, of any default by the Company under this Lease (including, without limitation, any Recapture Event) or under the PILOT Agreement which the Agency is required to give to the Company pursuant to the terms of this Lease or the PILOT Agreement, and the Bank shall have the right (but not the obligation) to cure such default within the time period, if any, provided for such cure to be carried out by the Company pursuant to the terms of this Lease or the PILOT Agreement, as the case may be. The Agency shall accept such cure by the Bank as if such cure were performed by the Company. The Company acknowledges and agrees that the Agency may accept such cure by the Bank and waives any claims it may have against the Agency based upon, arising from or in connection with this Subsection (A).

(B) The Agency and the Company agree that the Bank may exercise the Company's option to terminate this Lease in accordance with Section 11.1 of this Lease, whether in the name of the Company or the Bank, subject to compliance with the provisions of Article XI of this Lease. If the Bank shall exercise such option to terminate in accordance with the terms of Article XI of this Lease, the Agency agrees to perform its obligations under such Article XI at the direction and for the benefit of the Bank. The Company waives any claims it may have against the Agency based upon, arising from or in connection with Article XI of this Lease.

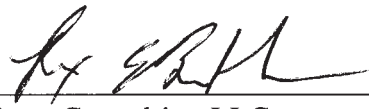
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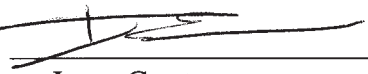
IN WITNESS WHEREOF, the Agency and the Company have caused this Agency Lease to be executed in their respective names by their respective duly authorized officers, all as of the day and year first above written.

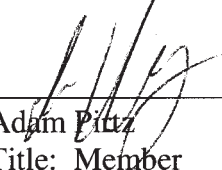
COUNTY OF CHAUTAUQUA
INDUSTRIAL DEVELOPMENT AGENCY

By: _____
Mark Geise
Title: Administrative Director/CEO


COCKAIGNE DEVELOPMENT LLC

By:  _____
Aura Consulting LLC
By: Rex Butcher, Sole Member

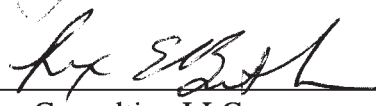
By:  _____
Isaac Gratto
Title: Member

By:  _____
Adam Pirtz
Title: Member

COCKAIGNE RESORT, LLC


By:  _____
Isaac Gratto
Title: Member

By:  _____
Adam Pirtz
Title: Member

By:  _____
Aura Consulting LLC
By: Rex Butcher, Sole Member

IN WITNESS WHEREOF, the Agency and the Company have caused this Agency Lease to be executed in their respective names by their respective duly authorized officers, all as of the day and year first above written.

COUNTY OF CHAUTAUQUA
INDUSTRIAL DEVELOPMENT AGENCY

By: 
Mark Geise
Title: Administrative Director/CEO

COCKAIGNE DEVELOPMENT LLC

By: _____
Aura Consulting LLC
By: Rex Butcher, Sole Member

By: _____
Isaac Gratto
Title: Member

By: _____
Adam Pirtz
Title: Member

COCKAIGNE RESORT, LLC

By: _____
Isaac Gratto
Title: Member

By: _____
Adam Pirtz
Title: Member

By: _____
Aura Consulting LLC
By: Rex Butcher, Sole Member

STATE OF NEW YORK)
) ss.:
COUNTY OF CHAUTAUQUA)

On the 1st day of _____, 2018, before me, the undersigned, a notary public in and for said state, personally appeared Mark Geise, 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

STATE OF NEW YORK)
) ss.:
COUNTY OF CHAUTAUQUA)

On the 1st day of June, 2018, before me, the undersigned, a notary public in and for said state, personally appeared Rex Butcher, 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

ROBERT G. MURRAY
NOTARY PUBLIC, State of New York
Qualified in Erie County
Commission Expires 03-04-20 22

STATE OF NEW YORK)
) ss.:
COUNTY OF CHAUTAUQUA)

On the 1st day of July, 2018, before me, the undersigned, a notary public in and for said state, personally appeared Isaac Gratto, 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.

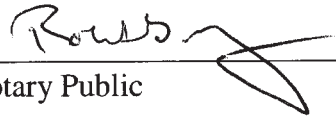


Notary Public

ROBERT G. MURRAY
NOTARY PUBLIC, State of New York
Qualified in Erie County
Commission Expires 03-04-20 22

STATE OF NEW YORK)
) ss.:
COUNTY OF CHAUTAUQUA)

On the 1st day of June, 2018, before me, the undersigned, a notary public in and for said state, personally appeared Adam Pirtz, 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.



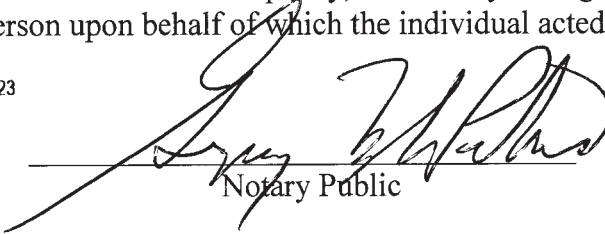
Notary Public

ROBERT G. MURRAY
NOTARY PUBLIC, State of New York
Qualified in Erie County
Commission Expires 03-04-20 22

STATE OF NEW YORK)
) ss.:
COUNTY OF CHAUTAUQUA)

On the 1st day of June, 2018, before me, the undersigned, a notary public in and for said state, personally appeared Mark Geise, 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.

GREGORY LYLE PETERSON, #02PE4645823
Notary Public, State of New York
Qualified in Chautauqua County
My Commission Expires June 30, 2019



Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF CHAUTAUQUA)

On the ___ day of _____, 2018, before me, the undersigned, a notary public in and for said state, personally appeared Rex Butcher, 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

STATE OF NEW YORK)
) ss.:
COUNTY OF CHAUTAUQUA)

On the ___ day of _____, 2018, before me, the undersigned, a notary public in and for said state, personally appeared Isaac Gratto, 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

SCHEDULE A

LIST OF APPOINTED AGENTS¹

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

¹ FOR EACH AGENT APPOINTED BY THE COMPANY, A NYS FORM ST-60 MUST BE COMPLETED AND FILED BY THE COMPANY WITH THE NYS DEPARTMENT OF TAXATION AND FINANCE IDA UNIT INDICATING THE APPOINTMENT OF SUCH AGENT OF THE COMPANY.

SCHEDULE B-1

NYS FORM ST-123

FOR

COCKAIGNE DEVELOPMENT LLC

(Attached)

SCHEDULE B-2

NYS FORM ST-123

FOR

COCKAIGNE RESORT, LLC

(Attached)

SCHEDULE B-3

INVOICE RIDER FORM
(Complete and Attach to Invoice)

I, _____, the
_____ of COCKAIGNE DEVELOPMENT
LLC/COCKAIGNE RESORT, LLC (or Subagent Name:
_____) certify that I am a duly appointed
agent of the County of Chautauqua Industrial Development Agency ("Agency") and
that I am purchasing the tangible personal property or services for use in the
following Agency Project and that such purchases qualify as exempt from sales and
use taxes under the Agency Lease Agreement, dated as of May ____, 2018, by and
between the Agency and Cockaigne Development LLC.

Name of the Project: Cockaigne Ski Resort.

Street address of the Project Site: 1493 Thornton Road
Cherry Creek, New York
Chautauqua County, New York

IDA OSC project number: _____

EXHIBIT A
DESCRIPTION OF THE LAND

EXHIBIT B

DESCRIPTION OF THE EQUIPMENT

All equipment, fixtures, machines, building materials and items of personal property and all appurtenances (A) acquired, constructed and/or intended to be installed and/or to be acquired, constructed or installed in connection with the acquisition, construction, installation and equipping of the Cockaigne Development LLC Project (the "Project") of the County of Chautauqua Industrial Development Agency (the "Agency") located on the real property described on Exhibit A hereto (the "Land"), said Project to be acquired, constructed and installed by Cockaigne Development LLC (the "Company") and/or by Cockaigne Resort, LLC (the "Operator") as agent of the Agency pursuant to a sublease agreement dated as of February 1, 2018 (the "Agency Lease Agreement") by and between the Agency and the Company and (B) now or hereafter attached to, contained in or used in connection with the Land or placed on any part thereof, though not attached thereto, including but not limited to the following:

(1) Pipes, screens, fixtures, heating, lighting, plumbing, ventilation, air conditioning, compacting and elevator plants, call systems, stoves, ranges, refrigerators and other lunch room facilities, rugs, movable partitions, cleaning equipment, maintenance equipment, shelving, flagpoles, signs, waste containers, outdoor benches, drapes, blinds and accessories, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors and machinery; and

(2) Together with any and all products of any of the above, all substitutions, replacements, additions or accessions therefor and any and all cash proceeds or non-cash proceeds realized from the sale, transfer or conversion of any of the above.

EXHIBIT C

FORM OF TERMINATION OF COMPANY LEASE

WHEREAS, Cockaigne Development LLC (the "Company"), as landlord, and the County of Chautauqua Industrial Development Agency (the "Agency"), as tenant, entered into a company lease agreement dated as of _____, 2018 (the "Company Lease Agreement") pursuant to which, among other things, the Agency leased the Project Facility (as defined in the Company Lease Agreement) from the Company; and

WHEREAS, pursuant to the Company Lease Agreement, the Company and the Agency agreed that it would terminate pursuant to the terms thereof; and

WHEREAS, the Company and the Agency now desires to evidence the termination of the Company Lease Agreement;

NOW, THEREFORE, it is hereby agreed that the Company Lease Agreement has terminated as of the dated date hereof; provided, however, that, (i) as provided in the Company Lease Agreement, certain obligations of the Company shall survive the termination of the Company Lease Agreement, and the execution of this termination of company lease agreement by the Agency is not intended, and shall not be construed, as a waiver or alteration by the Agency or the Company of the provisions thereof that expressly survive such termination, and (ii) in the event the Company Lease Agreement is being terminated pursuant to Article X or XI of the Lease Agreement, the Company shall pay to the Agency on the date hereof all fees and expenses of the Agency set forth in the Company Lease Agreement, in the Lease and in the other Transaction Documents.

IN WITNESS WHEREOF, the Company and the Agency have signed this termination of company lease agreement and caused same to be dated as of the __ day of _____, ____.

COCKAIGNE DEVELOPMENT LLC

By: _____
Authorized Officer

COUNTY OF CHAUTAUQUA INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Authorized Officer

STATE OF NEW YORK)
) ss.:
COUNTY OF CHAUTAUQUA)

On the ___ day of _____, in the year _____, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF CHAUTAUQUA)

On the ___ day of _____, in the year _____, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

EXHIBIT D

FORM OF BILL OF SALE TO COMPANY

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York having an office for the transaction of business located at 201 West Third Street, Suite 115, Jamestown, NY 14701 (the "Grantor"), for the consideration of One Dollar (\$ 1.00), cash in hand paid, and other good and valuable consideration received by the Grantor from Cockaigne Development LLC, having an office for the transaction of business at 1493 Thornton Road, Cherry Creek New York 14723 (the "Grantee"), the receipt of which is hereby acknowledged by the Grantor, hereby sells, transfers and delivers unto the Grantee, and its successors and assigns, the Equipment (as defined in the Agency Lease Agreement dated June 1, 2018, by and between the Grantor and the Grantee (the "Agency Lease Agreement") as may be amended from time to time], which were acquired and installed and/or are to be acquired and installed by the Grantee as agent for the Grantor pursuant to the Agency Lease Agreement, which Equipment is located or intended to be located at the Grantee's Facility located at 1493 Thornton Road, Cherry Creek New York 14723, which Land is more particularly described on Exhibit A attached hereto.

TO HAVE AND TO HOLD the same unto the Grantee, and its successors and assigns, forever.

THE GRANTOR MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE EQUIPMENT OR ANY PART THEREOF OR AS TO THE SUITABILITY OF THE EQUIPMENT OR ANY PART THEREOF FOR THE GRANTEE'S PURPOSES OR NEEDS. THE GRANTEE SHALL ACCEPT TITLE TO THE EQUIPMENT "AS IS", WITHOUT RECOURSE OF ANY NATURE AGAINST THE GRANTOR FOR ANY CONDITION NOW OR HEREAFTER EXISTING. NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY IS MADE. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE, WHETHER PATENT OR LATENT, THE GRANTOR SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO.

IN WITNESS WHEREOF, the Grantor has caused this bill of sale to be executed in its name by the officer described below on the date indicated beneath the signature of such officer and dated as of the day of the ____ day of _____, 20__.

COUNTY OF CHAUTAUQUA
INDUSTRIAL DEVELOPMENT AGENCY

BY: _____

STATE OF NEW YORK)
) ss.:
COUNTY OF CHAUTAUQUA)

On the ___ day of _____, in the year _____, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

FORM OF BILL OF SALE TO OPERATOR

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York having an office for the transaction of business located at 201 West Third Street, Suite 115, Jamestown, NY 14701 (the "Grantor"), for the consideration of One Dollar (\$ 1.00), cash in hand paid, and other good and valuable consideration received by the Grantor from Cockaigne Resorts, LLC, having an office for the transaction of business at 1493 Thornton Road, Cherry Creek New York 14723 (the "Grantee"), the receipt of which is hereby acknowledged by the Grantor, hereby sells, transfers and delivers unto the Grantee, and its successors and assigns, the Equipment (as defined in the Agency Lease Agreement dated June 1, 2018, by and between the Grantor and the Grantee (the "Agency Lease Agreement") as may be amended from time to time], which were acquired and installed and/or are to be acquired and installed by the Grantee as agent for the Grantor pursuant to the Agency Lease Agreement, which Equipment is located or intended to be located at the Grantee's Facility located at 1493 Thornton Road, Cherry Creek New York 14723, which Land is more particularly described on Exhibit A attached hereto.

TO HAVE AND TO HOLD the same unto the Grantee, and its successors and assigns, forever.

THE GRANTOR MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE EQUIPMENT OR ANY PART THEREOF OR AS TO THE SUITABILITY OF THE EQUIPMENT OR ANY PART THEREOF FOR THE GRANTEE'S PURPOSES OR NEEDS. THE GRANTEE SHALL ACCEPT TITLE TO THE EQUIPMENT "AS IS", WITHOUT RECOURSE OF ANY NATURE AGAINST THE GRANTOR FOR ANY CONDITION NOW OR HEREAFTER EXISTING. NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY IS MADE. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE, WHETHER PATENT OR LATENT, THE GRANTOR SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO.

IN WITNESS WHEREOF, the Grantor has caused this bill of sale to be executed in its name by the officer described below on the date indicated beneath the signature of such officer and dated as of the ____ day of _____, 20__.

COUNTY OF CHAUTAUQUA
INDUSTRIAL DEVELOPMENT AGENCY

BY: _____

STATE OF NEW YORK)
) ss.:
COUNTY OF CHAUTAUQUA)

On the ___ day of _____, in the year _____, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public _____

EXHIBIT E
FORM OF SALES TAX AGENCY AGREEMENT

See Attached

EXHIBIT F

TERMINATION OF AGENCY LEASE AGREEMENT

WHEREAS, Cockaigne Development LLC (the "Company"), as subtenant, and the County of Chautauqua Industrial Development Agency (the "Agency"), as sublandlord, entered into a sublease agreement dated as of _____ (the "Agency Lease Agreement") pursuant to which, among other things, the Agency subleased the Project Facility (as defined in the Lease Agreement) to the Company; and

WHEREAS, pursuant to the Agency Lease Agreement, the Company and the Agency agreed that the Agency Lease Agreement would terminate pursuant to Article X or Article XI of the Agency Lease Agreement; and

WHEREAS, the Company and the Agency now desires to evidence the termination of the Lease Agreement;

NOW, THEREFORE, it is hereby agreed that the Agency Lease Agreement has terminated as of the dated date hereof; provided, however, that, as provided in Section 12.7 of the Agency Lease Agreement, certain obligations of the Company shall survive the termination of the Agency Lease Agreement, and the execution of this termination of lease agreement by the Agency is not intended, and shall not be construed, as a waiver or alteration by the Agency or the Company of the provisions of Sections 11.4 and 12.7 of the Agency Lease Agreement.

IN WITNESS WHEREOF, the Company and the Agency have signed this termination of Agency Lease Agreement and caused same to be dated as of the __ day of _____, ____.

COCKAIGNE DEVELOPMENT LLC

By: _____
Authorized Officer

COUNTY OF CHAUTAUQUA
INDUSTRIAL DEVELOPMENT AGENCY

By: _____
Authorized Officer

STATE OF)
) ss.:
COUNTY OF)

On the ___ day of _____, in the year _____, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF)
) ss.:
COUNTY OF)

On the ___ day of _____, in the year _____, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

EXHIBIT G
FORMS OF ANNUAL
EMPLOYMENT REPORT

EMPLOYMENT PLAN STATUS REPORT

COMPANY NAME: _____

ADDRESS: _____

TYPE OF BUSINESS: _____

CONTACT PERSON: _____

TELEPHONE NUMBER: _____

Occupation	Number of New Jobs	Number Listed ²	Number Filled	
			Community Services Division Applicants	Job Training Partnership Act eligible persons

Form of then current Annual Monitoring Questionnaire to be attached

^{2/} With local Jobs Service Division and local service delivery office created pursuant to the Job Training Partnership Act.

EXHIBIT H
COPY OF PILOT AGREEMENT

See Attached

EXHIBIT I

SEE ATTACHED FORMS ST-60
FOR
COCKAIGNE DEVELOPMENT LLC
AND
COCKAIGNE RESORT, LLC

EXHIBIT J

SALES TAX SUB-AGENCY AGREEMENT

SALES TAX SUB-AGENCY AGREEMENT

Effective as of [_____], 2018

NAME OF SUBCONTRACTOR _____
ADDRESS _____
ADDRESS _____
Attn: [POINT OF CONTACT/RESPONSIBLE PARTY] _____

Re: County of Chautauqua Industrial Development Agency
Cockaigne Development LLC and Cockaigne Resort, LLC

Ladies and Gentlemen:

The County of Chautauqua Industrial Development Agency (the “Agency”),
Cockaigne Development LLC and Cockaigne Resort, LLC (the “Company”),
[**CONTRACTOR**] (the “Contractor”), and [**SUBCONTRACTOR**] (collectively, the “Sub-Agent”) agree as follows:

1. The Agency constitutes a corporate governmental agency and a public benefit corporation under the laws of the State of New York, and therefore, in the exercise of its governmental functions, including the acquisition of property, is exempt from the imposition of any New York State or Chautauqua County sales and use tax. As an exempt governmental entity, no exempt organization identification number has been issued to the Agency nor is one required.

2. Pursuant to a resolution adopted by the Agency on August 22, 2017 (the “Authorizing Resolution”) and Sublease Agreement, dated as of June 1, 2018 (as amended, modified, supplemented or restated, the “Lease Agreement”), between the Agency and the Company, the Agency has authorized the Company to act as its agent to acquire, construct, install and equip four-season recreation facility and ski resort in Chautauqua County, New York, consisting of the following: (1) the acquisition of an interest in approximately 425 acres of land of the Cockaigne Recreation Center located at 1493 Thornton Road, Cherry Creek, County of Chautauqua, New York 14723 (collectively, the “Land”), (2) the construction of an approximately 10,000 square foot lodge and an approximately 3,000 square foot stage located on the Land and renovation of approximately 1,000 square foot A-frame building on the Land (collectively, the “Buildings”), and potential driveway, parking, landscaping and related improvements to the Land (together with the Building, collectively, the “Facility”) including but not limited to Cockaigne Resort, LLC (the “Operator”), and (3) renovation of certain existing

furniture, fixtures, machinery and equipment as well as the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment on the Land (the "Equipment"), all of the foregoing for use by the Company as a four-season recreation facility and ski resort (collectively, the "Project Facility");. Pursuant to the Lease Agreement, the Agency has also authorized the Company to appoint sub-agents in connection with the acquisition, construction, installation and equipping of the Project Facility.

3. As sub-agent for the Agency, the Sub-Agent agrees that each contract, agreement, lease, invoice, bill or purchase order entered into by the Sub-Agent as sub-agent for the Agency in connection with the acquisition, construction, installation or equipping of the Project Facility shall include language in substantially the following form:

"This [contract, agreement, lease, invoice, bill or purchase order] is being entered into by [_____] (the "Agent"), as approved agent for and on behalf of the County of Chautauqua Industrial Development Agency (the "Agency") in connection with a certain project (the "Project") of the Agency for Cockaigne Development LLC (the "Company") consisting in part of the acquisition of an interest in approximately 425 acres of land of the Cockaigne Recreation Center located at 1493 Thornton Road, Cherry Creek, County of Chautauqua, New York 14723 (the "Premises") and the construction of an approximately 10,000 square foot lodge and an approximately 3,000 square foot stage located on the Land and renovation of approximately 1,000 square foot A-frame building on the Land (collectively, the "Buildings") and potential driveway, parking, landscaping and related improvements to the Land (together with the Building, (collectively, the "Facility") including but not limited to Cockaigne Resort, LLC (the "Operator"), and renovation of certain existing furniture, fixtures, machinery and equipment as well as the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment on the Land (the "Equipment"), all of the foregoing for use by the Company as a four-season recreation facility and ski resort (collectively, the "Project Facility"). The capital improvements, materials, machinery, equipment, trade fixtures, furniture, furnishings and other tangible personal property necessary for completion of the Project which are the subject of this [contract, agreement, lease, invoice, bill or purchase order] shall be exempt from the sales and use taxes levied by the State of New York and the County of Chautauqua if effected in accordance with the terms and conditions set forth in the attached Sales Tax Agency Agreement of the Agency, and the Agent hereby represents that this [contract, agreement, lease, invoice, bill or purchase order] is in compliance with the terms of the Sales Tax Agency Agreement. This [contract, agreement, lease, invoice, bill or purchase order] is non-recourse to the Agency, and the Agency shall not be directly, indirectly or

contingently liable or obligated hereunder in any manner or to any extent whatsoever. By execution or acceptance of this [contract, agreement, lease, invoice, bill or purchase order], the [vendor, lessor, licensor, contractor or subcontractor] hereby acknowledges and agrees to the terms and conditions set forth in this paragraph.”

4. The acquisition of capital improvements, materials, machinery, equipment, trade fixtures, furniture, furnishings and other tangible personal property necessary for the completion of the Project Facility (collectively, the “Property”) shall be exempt from sales and use taxes levied by the State of New York and the County of Chautauqua on the condition that (i) such items of Property are separately identifiable property of the Agency, and (ii) each item of Property shall have a useful life of one year or more, and shall solely be for the use of the Company at and in the Project Facility, and for no other entity and at no other location, and shall be effected by and at the sole cost of the Company, the Contractor or the Sub-Agent. The exemption provided pursuant to Section 8.12 of the Lease Agreement shall not apply to the acquisition of: (i) inventory, (ii) rolling stock, (iii) any item of personalty having a useful life of less than one (1) year or which shall not constitute a tangible capital asset, (iv) plants, shrubs, trees, flowers, lawns or plants, (v) fine art or other similar decorative items, or (vi) motor vehicles, including any cars, trucks, vans or buses that are licensed by the Department of Motor Vehicles or other similar agency for use on public highways or streets.

5. The Agency shall have no liability or performance obligations under any contract, agreement, lease, invoice, bill or purchase order entered into by the Company, as agent for the Agency pursuant to Section 8.12 of the Leases Agreement, or by the Sub-Agent, as sub-agent of the Agency pursuant to this Sales Tax Sub-Agency Agreement, and in the event liability should arise under any such contract, agreement, lease, invoice, bill, or purchase order, the Agency shall not be liable, either directly or indirectly or contingently, upon any such contract, agreement, lease, invoice, bill or purchase order in any manner and to any extent whatsoever, and the Company, the Contractor and the Sub-Agent shall be the sole parties liable thereunder.

6. By execution of its acceptance of the terms of this Agreement, the Sub-Agent agrees to accept the terms hereof and represents and warrants to the Agency that the use of this Agreement by the Sub-Agent is and will be strictly for the purposes above stated.

7. Until the earliest of (i) December 31, 2020, (ii) the completion of the Project as provided in the Lease Agreement, (iii) the receipt by the Company of the Maximum Sales Tax Benefit (as defined in the Lease Agreement), which shall include purchases and leases hereunder by the Sub-Agent, and (iv) the termination of the Lease Agreement and/or revocation of the appointment of the Company as agent of the Agency or of the Sub-Agent as sub-agent of the Agency (the earliest to occur of the foregoing, the “Termination Date”), all vendors, lessors, licensors, contractors and subcontractors are hereby authorized to rely on a Form ST-123 (as defined in Paragraph 11 hereof) prepared by the Sub-Agent and issued to such vendor, lessor, licensor, contractor or subcontractor pursuant to Paragraph 11 hereof as evidence that purchases and leases of Property, and improvement and installation contracts relating to the acquisition, construction, installation and equipping of the Project Facility (but not the operation thereof), to the extent effected by the Sub-Agent, as sub-agent for the Agency, are exempt from all New York State and Chautauqua County sales and use taxes.

8. Any vendor, lessor, licensor, contractor or subcontractor that does not collect otherwise applicable sales or use tax in reliance upon this Agreement and the Form ST-123 issued by the Sub-Agent to such vendor, lessor, licensor, contractor or subcontractor, shall be deemed to have acknowledged and agreed to the provisions of Paragraph 3 hereof regardless of whether or not the provisions thereof are inserted in the contract, agreement, lease, invoice, bill or purchase order entered into with the Sub-Agent.

9. This Agreement and the Form ST-123 issued by the Sub-Agent to a vendor, lessor, licensor, contractor or subcontractor are provided solely for the purposes described herein and therein. No other principal/agent relationship is intended or may be implied or inferred from this Agreement or the issuance of such Form ST-123.

10. The exemption from sales and use taxes provided under the Lease Agreement is granted subject to the requirements of Section 875 of the General Municipal Law, which requirements are incorporated herein by reference, and the Sub-Agent agrees to such requirements as a condition precedent to receiving the exemption from sales and use taxes.

11. The Sub-Agent agrees to provide a completed Form ST-123, *IDA Agent or Project Operator Exempt Purchase Certificate* (each, a "Form ST-123"), to each vendor, lessor, licensor, contractor or subcontractor from which the Sub-Agent purchases and/or leases Property, or with which the Sub-Agent enters into an improvement or installation contract relating to the acquisition, construction, installation and equipping of the Project Facility. All vendors, lessors, licensors, contractors and subcontractors are authorized to rely on such completed Form ST-123 as evidence that purchases and leases of Property, and improvement and installation contracts relating to the acquisition, construction, installation and equipping of the Project Facility (but not the operation thereof), to the extent effected by the Sub-Agent as sub-agent for the Agency pursuant to Section 8.12 of the Lease Agreement, are exempt from all New York State and Chautauqua County sales and use taxes. The Sub-Agent agrees to provide the Agency a copy of each such Form ST-123 within ten (10) Business Days after the delivery of such form to the vendor, lessor, licensor, contractor or subcontractor.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The signature of representatives of the Company, the Contractor and the Sub-Agent where indicated below will indicate that the Company, the Contractor and the Sub-Agent have accepted the terms hereof.

**COUNTY OF CHAUTAUQUA
INDUSTRIAL DEVELOPMENT
AGENCY**

By: 

Name: Mark Geise

Title: Administrative Director/CEO

ACCEPTED AND AGREED TO BY:

COCKAIGNE DEVELOPMENT LLC

By: _____
Aura Consulting LLC
Rex Butcher, Sole Member

By: _____
Isaac Gratto
Title: Member

By: _____
Adam Pirtz
Title: Member

COCKAIGNE RESORT, LLC

By: _____
Isaac Gratto
Title: Member

By: _____
Adam Pirtz
Title: Member

By: _____
Aura Consulting LLC
By: Rex Butcher, Sole Member

[NAME OF CONTRACTOR]

By: _____
Name:
Title:

[NAME OF SUBCONTRACTOR]

By: _____
Name:
Title:

Taxpayer ID Number: _____

EXHIBIT K

SEE ATTACHED FORM ST-340 TO BE COMPLETED BY
COCKAIGNE DEVELOPMENT LLC AND TO BE COMPLETED BY
COCKAIGNE RESORT, LLC