

**AGREEMENT ALLOCATING HAMPTON INN PILOT PAYMENTS**

**THIS AGREEMENT ALLOCATING PILOT PAYMENTS** (the "Agreement"), dated as of \_\_\_\_\_, 2013, is by, between and among **COUNTY OF ONEIDA**, a New York municipal corporation with its principal offices at the County Office Building, 800 Park Avenue, Utica, New York 13501 (the "County"), **TOWN OF NEW HARTFORD**, a New York municipal corporation with its principal offices at Butler Hall, 48 Genesee Street, New Hartford, New York 13413 (the "Town"), **NEW HARTFORD CENTRAL SCHOOL DISTRICT**, a New York municipal corporation with its principal offices at 33 Oxford Road, New Hartford, New York 13413 (the "School District") (the County, the Town and the School District are hereinafter sometimes each individually referred to as an "Affected Tax Jurisdiction" and collectively referred to as the "Affected Tax Jurisdictions"), and **ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a New York public benefit corporation with its offices at 584 Phoenix Drive, Rome, New York 13441 (the "Agency").

**RECITALS:**

**WHEREAS**, pursuant to the provisions of Title 1 of Article 18-A of the General Municipal Law, Chapter 99 of the Consolidated Laws of New York, as amended, (the "Enabling Act"), and Chapter 372 of the 1970 Laws of New York, as amended, constituting Section 901 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") the purposes of the Agency are to "to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing" of, among others things, "industrial" and "commercial" facilities and "thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their recreation opportunities, prosperity and standard of living"; and

**WHEREAS**, on the basis of various planning initiatives and studies conducted over the past fifteen (15) or more years as well as other information and data available to it, the Town has determined that the development of that certain 126.5± acre parcel of real property situate on the northeasterly corner of the NYS Route 5 (Seneca Turnpike)/Woods Highway intersection in the Town of New Hartford, County of Oneida, State of New York commonly known as the New Hartford Business Park (the "New Hartford Business Park") will result in various economic and quality of life benefits to the people who reside and/or work in the Affected Tax Jurisdictions, including the retention and/or creation of job opportunities, the stabilization and/or increase of the population and real property tax bases, the encouragement of business and other economic development, the extension and/or modernization of public utility systems and other public infrastructure, and the improvement of recreational facilities such as the Rayhill Trail; and

**WHEREAS**, the Town has further determined that it will be necessary for it to construct and/or make certain Public Improvements (as such term is hereinafter defined) to the surface transportation network and/or other public infrastructure located in or near the New Hartford Business Park so as to improve the existing condition of such surface transportation network and public infrastructure and address the increased vehicular traffic which can be reasonably expected to result from the development of the New Hartford Business Park and surrounding areas, facilitate the orderly flow of such traffic, and reduce any congestion that may be caused by such traffic; and

**WHEREAS**, the School District and the County previously supported the development of the New Hartford Business Park, having recognized the multitude of benefits expected to result therefrom including the retention and/or creation of job opportunities and the stabilization and/or increase of the population and real property tax bases within their respective jurisdictions, and acknowledge the need for the Public Improvements (as such term is hereinafter defined) to be constructed and/or made by entering into an agreement dated October 15, 2008 allocating PILOT Payments relating to the Hartford Insurance Company; and

**WHEREAS**,the County and School District have agreed in concept to enter into a second agreement allocating PILOT Payments from the Hampton Inn PILOT to finance the cost of improvements of the break-in access to Route 840 to provide easier access to the park with the intent that such access will result in additional property tax base growth in the community; and

**WHEREAS**, heretofore each of the Affected Tax Jurisdictions have requested the Agency, and the Agency has expressed its willingness, to utilize its powers under the Act in order to induce, assist in and facilitate the construction and/or making by the Town of the Public Improvements (as such term is hereinafter defined) in particular, by the entering into that certain Lease Agreement and Leaseback Agreement (as such terms are hereinafter defined) with LT Group, LLC (the “LT Group”) and that certain PILOT Agreement (as such term is hereinafter defined) with LT Group for the purpose of generating certain PILOT Payments (as such term is hereinafter defined) in lieu of Exempt Taxes (as such term is hereinafter defined)), provided, however, that nothing contained herein or elsewhere in this Agreement shall obligate the Agency to enter into any such additional payment-in-lieu-of-tax agreements or obligate the parties hereto to enter into any additional agreement allocating the payments in lieu of taxes resulting therefrom; and

**WHEREAS**, the parties hereto desire that the PILOT Payments (as such term is hereinafter defined) received by the Agency pursuant to the PILOT Agreement (as such term is hereinafter defined) in each calendar year during the term of this Agreement be allocated and paid over to the Town so as to provide the Town with a source of funding first to pay the Town’s Actual Annual Debt Service (as such term is hereinafter defined) with respect to the Public Improvements (as such term is hereinafter defined) made by the Town and that the remaining payments shall be allocated to the Affected Tax Jurisdictions on a pro-rata basis in accordance with the 2010-11 tax rates; and

**WHEREAS**, by virtue of the foregoing, and in accordance with and pursuant to the authority set forth in Section 858 (15) of the General Municipal Law, the parties hereto desire to allocate the Hampton Inn PILOT Payments (as such term is hereinafter defined) received by the Agency and the interest income generated thereby, if any, by the deposit thereof into the Hampton Inn PILOT Payments Fund (as such term is hereinafter defined) among the Affected Tax Jurisdictions as is hereinafter set forth.

**NOW, THEREFORE**, in consideration of the premises, the mutual covenants and agreements herein contained, the sum of One Dollar (\$1.00), and other good and valuable consideration, the payment, receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions:

“Act” means the provisions of Title 1 of Article 18-A of the General Municipal Law, Chapter 99 of the Consolidated Laws of New York, as amended, and Chapter 372 of the Laws of 1970 of the State of New York, as amended, constituting Section 901 of the General Municipal Law.

“Affected Tax Jurisdictions” means Oneida County, the Town of New Hartford and the New Hartford Central School District.

“Affected Tax Jurisdiction’s Regular Percentage Share” means, with respect to any given Exemption Year, the percentage total of the Combined Tax Rate for such Exemption Year which is attributable to the Affected Tax Jurisdiction in question. By way of illustration, if, during a given Exemption Year, the Combined Tax Rate were \$33.68 (with the Town Tax Rate at \$2.11, the County Tax Rate at \$7.50 and the School District Tax Rate at \$24.07), each Affected Tax Jurisdiction’s Regular Percentage Share for such Exemption Year would be as follows:

Town 6.2% ( $\$2.11 \div \$33.68 = 6.2\%$ )  
County 22.3% ( $\$7.50 \div \$33.68 = 22.3\%$ )

School 71.5% ( $\$24.07 \div \$33.68 = 71.5\%$ )

(The tax rates used here are for illustration purposes only and in no way reflect the actual rates that will be applied.)

“Agency” means the Oneida County Industrial Development Agency, a New York public benefit corporation with its offices at 584 Phoenix Drive, Rome, New York 13441.

“Building” means that certain 58,000 square foot hotel building constructed or being constructed on the Land by the LT Group, LLC.

“Break In Access” shall mean the granting of access to NYS Route 840 from the Woods Highway Extension.

“Combined Tax Rate” means, with respect to a given Exemption Year, the aggregate of the Town Tax Rate, the County Tax Rate and the School District Tax Rate for the assessment roll to which the exemption is applied. By way of illustration, if, during a given Exemption Year, the Town Tax Rate were \$2.11, the County Tax Rate were \$7.50 and the School District Tax Rate were \$24.07, the Combined Tax Rate would be \$33.68 for such Exemption Year.

“Company” shall mean LT Group, LLC, 6007 Fair Lakes Road, Suite 100, East Syracuse, NY 13057, and its permitted successors and assigns, as applicable under the terms and provisions of the PILOT Agreement.

“Costs of the Public Improvements” means all construction or “hard” costs and all non-construction or “soft” costs incurred or paid for by the Town in connection with designing, constructing and/or making and completing the Public Improvements including, without limitation, the costs of acquiring fee title and/or easements for roadway/intersection rights-of-way, labor, materials, supplies, equipment, architects, engineers, land surveyors, attorneys, accountants and other professionals or consultants, contractors, subcontractors, laborers, mechanics and materialmen, and the costs of financing all or any portion of the foregoing costs, including the costs of issuance with respect to the Public Improvements BAN and the Public Improvements Bond, and all other costs of any kind or nature arising from or relating to the Public Improvements. Notwithstanding the foregoing, the total dollar amount of the cost of improvements that shall be paid for through this PILOT Allocation Agreement shall not exceed \$600,000.

“County” means the County of Oneida, a New York municipal corporation with offices at County Office Building, 800 Park Avenue, Utica, New York 13501.

“County Tax Rate” means, with respect to any Exemption Year (as that term is defined in the PILOT Agreement), the total tax rate per \$1,000.00 of taxable assessed valuation for all taxes levied or imposed by the County for such Exemption Year (excluding special assessments and ad valorem levies).

“Developer” means New Hartford Office Group, LLC, and its successors and assigns.

“Effective Date” means the day and year first set forth above.

“Exempt Taxes” means real property taxes, general property taxes, general school district taxes, general assessments, service charges or other governmental charges of a similar nature levied and/or assessed upon a Facility or the interest therein of a Company or the occupancy thereof by a Company from which the Facility is exempt (because the Agency has a leasehold or other interest in said Facility and the same is used for a purpose within the meaning of the applicable Constitutional and statutory provisions, including the Act) but excluding special assessments and ad valorem levies.

“Exemption Term” means the ten (10) year period of time commencing on March 1, 2012.

“Exemption Year” means each one (1) year period of time during the Exemption Term, the first Exemption Year to commence on March 1, 2012.

“Facility” shall mean, collectively, the Land and the Building, which Facility has been leased by the LT Group, LLC to the Agency pursuant to the Lease Agreement and leased back by the Agency to the LT Group, LLC pursuant to the Leaseback Agreement. The construction of the Facility is to be 100% complete for tax assessment purposes on or before March 1, 2012.

“First Exemption Year Commencement Date” means March 1, 2012.

“Land” shall have the meaning ascribed to such term in the Leaseback Agreement. Generally, the Land consists of an approximately 3.4 acre parcel situated in the New Hartford Business Park and more particularly described in Exhibit A to the Leaseback Agreement.

“Lease Agreement” means that certain Lease Agreement, dated as of September 1, 2011, by and between the Company, as lessor, and the Agency, as lessee, with respect to the Facility.

“Leaseback Agreement” means that certain Leaseback Agreement, dated as of September 1, 2011, by and between the Agency, as lessor, and the LT Group, LLC, as lessee, with respect to the Facility, a copy of which is attached hereto and made a part hereof as **EXHIBIT A**.

“New Hartford Business Park” means that certain 126.5± acre parcel of real property situate on the northeasterly corner of the NYS Route 5 (Seneca Turnpike)/Woods Highway intersection in the Town of New Hartford, County of Oneida, State of New York, which said parcel(s) of real property is currently being developed as a business/office park by and/or under the auspices of the Developer. The approximate location of the New Hartford Business Park is depicted on the map annexed hereto and made a part hereof as **EXHIBIT B**.

“New Hartford Business Park PILOT Payments Fund” means that certain interest-bearing account established and maintained by the Agency at an FDIC-insured banking organization with an office located in Oneida County, New York (a) into which all of the PILOT Payments actually received by the Agency pursuant to the PILOT Agreement during each Exemption Year are to be deposited and (b) from which it is to pay out (to the extent that there are sufficient funds therein to do so) the monies due to the Town and to each of the Affected Tax Jurisdictions pursuant to this Agreement, if any.

“PILOT Agreement” means that certain Agreement dated as of September 1, 2011 between the Company and the Oneida County Industrial Development Agency establishing the amount of payments in lieu of taxes that the Company will make to the Affected Taxing Jurisdictions for the Hampton Inn property.

“PILOT Payments” means the amount annually to be paid by either the LT Group, LLC, and/or their respective successors and assigns to the Agency in lieu of Exempt Taxes pursuant to the PILOT Agreement.

“Project” shall have the meaning ascribed to such term in the Act.

“Public Improvements” means those certain public improvements to be made by the Town to accommodate the increase in traffic which is expected to result from the development of the New Hartford Business Park, facilitate the flow of such traffic, and reduce any congestion caused by such traffic including, specifically, (a) the Route 840 on/off Ramp and Improvements, (b) the Clinton Street Extension.

“Public Improvements BAN” means the certain bond anticipation note or notes (or tranches thereof) to be issued by the Town to pay for and/or finance some portion or all of the Costs of the Public Improvements. Notwithstanding

anything to the contrary contained in this Agreement, the original aggregate principal amount of the Public Improvements BAN shall not exceed the sum of \$600,000.00.

“Public Improvements BAN Issuance Date” means the date on which the Town issues the Public Improvements BAN.

“Public Improvements Bond” means the general obligation bond or bonds (or tranches thereof) to be issued by the Town to pay off the Public Improvement BAN. Notwithstanding anything to the contrary contained in this Agreement, the aggregate principal amount of the Public Improvements Bond shall not exceed the sum of \$600,000.00.

“Public Improvements Debt” means all indebtedness, including indebtedness pursuant to the Agreement Allocating PILOT Payments relating to The Hartford, incurred by the Town to pay for, finance and/or refinance some portion or all of the Costs of the Public Improvements including, without limitation, (a) the Public Improvements BAN and (b) the Public Improvements Bond. Notwithstanding anything to the contrary contained in this Agreement, the aggregate principal amount of the Public Improvements Debt shall not exceed the sum of \$600,000.00, and the aggregate term of the Public Improvements Debt shall not exceed ten (10) years.

“School District” means the New Hartford Central School District, a New York municipal corporation with its principal offices at 33 Oxford Road, New Hartford, New York 13413.

“School District Tax Rate” means with respect to any given Exemption Year (as that term is defined in the PILOT Agreement ), the total tax rate per \$1,000.00 of taxable assessed valuation for all taxes levied or imposed by the School District for such Exemption Year (excluding special assessments and ad valorem levies).

“State” means the State of New York, and its agencies and political subdivisions.

“Town” means the Town of New Hartford, a New York municipal corporation with its principal offices at Butler Hall, 48 Genesee Street, New Hartford, New York 13413.

“Town Tax Rate” means, with respect to any Exemption Year (as that term is defined in the PILOT Agreement ), the total tax rate per \$1,000.00 of taxable assessed valuation for all taxes levied or imposed by the County for such Exemption Year (excluding special assessments and ad valorem levies).

“Town’s Annual Debt Service” means, with respect to any given calendar year during the term of this Agreement, the aggregate amount actually necessary in such calendar year to pay the Town’s debt service (principal, interest and any other sum due) with respect to the Public Improvements Debt.

“Town’s Estimated Annual Debt Service” means, with respect to any given calendar year during the term of this Agreement, the aggregate amount estimated (based on certain financial assumptions made as of the date of this Agreement) to be necessary to pay the Town’s anticipated debt service (principal, interest and any other sums due) with respect to the Public Improvements Debt. A Table Showing Town’s Estimated Debt Service is attached hereto and made a part hereof as EXHIBIT C.

2. Approval of PILOT Agreement by Affected Tax Jurisdictions. Each of the Affected Tax Jurisdictions hereby approves the PILOT Agreement, the terms and provisions of which PILOT Agreement are incorporated by reference into and made a part of this Agreement as is set forth in full herein. A copy of the PILOT Agreement is attached hereto and made a part hereof as EXHIBIT D .

3. New Hartford Business Park PILOT Payments Fund. The Agency promptly shall deposit all of the PILOT Payments actually received by it pursuant to the PILOT Agreement into the interest-bearing New Hartford Business Park PILOT Payments Fund. On or before February 15th of each calendar year (beginning CY 2012), the Agency shall account to each of the Affected Tax Jurisdictions with respect to all transactions involving the New Hartford Business Park PILOT Payments Fund during the preceding calendar year. Without limiting the generality of the foregoing, the Agency shall account for all deposits made by it into and disbursements made by it from said New Hartford Business Park PILOT Payments Fund during such preceding calendar year. The accounting shall be provided on the form attached hereto and made a part hereof as EXHIBIT E.

4. Issuance of Public Improvements BAN/Public Improvements Bond. As soon as is reasonably practicable after the date of this Agreement, the Town shall issue the Public Improvements BAN in the maximum principal sum of Six Hundred Thousand Dollars (\$600,000) at the then prevailing interest rate, to pay for part of the Costs of the Public Improvements to be located at or within the vicinity of the New Hartford Business Park. Within twelve (12) months of the Public Improvements BAN Issuance Date, the Town will either issue the Public Improvement Bond (to be fully self-amortizing over a term of nine (9) years) and use the proceeds thereof to pay-off the Public Improvements BAN or renew the Public Improvement BAN (with a principal amortization) and thereby incur a debt service obligation. As soon as is reasonably practicable during each calendar year (beginning in CY 2012), the Town shall certify to the Agency and each of the Affected Tax Jurisdictions, in writing, the amount of the Town's Actual Annual Debt Service for such calendar year.

5. Construction and/or Making of Public Improvements. Subject to the satisfaction of all conditions precedent to the Town's obligation to perform the Public Improvements, the Town forthwith shall commence and/or continue making the Public Improvements located at or within the vicinity of the New Hartford Business Park, and shall substantially complete the same as soon as is reasonably practicable. The Town agrees that it shall use all monies allocated and paid over to it by the Agency pursuant to this Agreement in each calendar year (beginning in CY 2012) to pay the Town's Actual Annual Debt Service for such calendar year. Any remaining amounts of PILOT payments shall be paid to the Affected Tax Jurisdictions according to the respective Regular Percentage Shares for that calendar year.

6. Allocation and Distribution of PILOT Payments to Town. As soon as is reasonably practicable during each calendar year (beginning in CY 2012) after completion of the accounting described in Section 3 herein, the Agency shall remit or otherwise pay to the Town from the New Hartford Business Park PILOT Payments Fund an amount equal to the lesser of (a) an amount equal to the PILOT Payments actually received by the Agency in such calendar year pursuant to the PILOT Agreement, or (b) an amount equal to the certified amount of the Town's Actual Annual Debt Service for such calendar year or (c) the Estimated Annual Debt Service as set forth in EXHIBIT C. Attached hereto as EXHIBIT F is a schedule which sets forth the estimated PILOT Payments from 2012 through 2022, along with the Town estimated Debt Service and remaining PILOT Payments which should be distributed to the Affected Tax Jurisdictions each year. If in any given calendar year during the term of this Agreement the Town has no Actual Annual Debt Service due with respect to the Public Improvements, the PILOT Payments actually received by the Agency in such calendar year shall be distributed to the Affected Taxing Jurisdictions according to the respective Regular Percentage Shares for that calendar year.

7. Allocation and Distribution of Excess Amount PILOT Payments to Affected Tax Jurisdictions. If the amount of the PILOT Payments actually received by the Agency pursuant to the PILOT Agreement in any given calendar year during the term of this Agreement exceeds the amount of the Town's Actual Annual Debt Service for such calendar year, then, and in such event, the Agency shall distribute the excess amounts to the affected taxing jurisdictions according to the respective Regular Percentage Shares for that calendar year.

8. Shortfalls in PILOT Payments. The Town acknowledges that in any one or more given calendar years during the term of this Agreement and the Agreement Allocating PILOT Payments, there may be a Shortfall in PILOT Payments. The parties hereto acknowledge and agree that neither the County nor the School District nor the Agency shall be obligated to make up any shortfall in PILOT Payments. Nothing contained in this Section 8 shall relieve the Agency of its obligation under this Agreement to remit to the Town all or some portion of the PILOT Payments actually received by it in any given calendar year, as is more particularly set forth herein.

9. Continuation of PILOT Agreement after Tenth (10<sup>th</sup>) Exemption Year. If the PILOT Agreement continues in effect after the tenth (10<sup>th</sup>) Exemption Year thereof, then, and in such event, the Agency promptly shall, during each such subsequent Exemption Year, allocate and pay over to each of the Affected Tax Jurisdictions such Affected Tax Jurisdiction's Regular Percentage Share of the PILOT Payments received by the Agency during the Exemption Year.

10. Special Assessments and Other Charges. Nothing contained herein shall be deemed to abridge, limit or restrict the ability of an Affected Tax Jurisdiction, if any, (a) to impose or levy and to collect utility and/or service charges (in accordance with its standard rates for such utility and/or service charges in effect from time to time) for furnishing a municipal or private utility service including, without limitation, charges for water service, sanitary sewer service, solid waste collection, etc. to the users within the New Hartford Business Park or (b) to create special assessment districts within the boundaries of the New Hartford Business Park and/or to add, levy and collect special assessments for improvements made within the boundaries of the New Hartford Business Park.

11. Notices. All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when delivered and, if delivered by mail, shall be sent by certified mail, postage prepaid, addressed as follows:

To the Agency: Oneida County Industrial Development Agency  
584 Phoenix Drive  
Rome, New York 13441-4105  
Attn.: Chairman

With a Copy To: Bond, Schoeneck & King, PLLC  
501 Main Street  
Utica, New York 13501  
Attn.: Linda E. Romano, Esq.

To the Town: Town of New Hartford  
Butler Hall, 48 Genesee Street  
New Hartford, New York 13413  
Attn.: Town Supervisor

With a Copy To: Herb Cully, Esq.  
Calli, Calli & Cully  
510 Bleeker Street  
Utica, New York 13501

To the County: County of Oneida  
County Office Building  
800 Park Avenue  
Utica, New York 13501  
Attn: Commissioner of Finance

With a Copy To: Linda M.H. Dillon, Esq.  
County Attorney  
Oneida County Office Building  
800 Park Avenue  
Utica, New York 13501

To the School District: New Hartford Central School District  
33 Oxford Road  
New Hartford, New York 13413  
Attn: District Superintendent

With a Copy To: Joseph G. Shields, Esq.  
Ferrara, Fiorenza, Larrison, Barrett & Reitz, P.C.  
5010 Campuswood Drive  
East Syracuse, New York 13057

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

12. Special Obligation of Agency. (a) The obligations and agreements of the Agency contained herein and in any other instrument or document executed in connection herewith or therewith, and any instrument or document supplemental hereto or thereto, shall be deemed the obligations and agreements of the Agency, and not of any member, officer, agent (other than the Company) or employee of the Agency in his individual capacity, and the members, officers, agents (other than a Company) and employees 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. The obligations and agreements of the Agency contained herein or therein shall not constitute or give rise to an obligation of the State of New York or of the County of Oneida, and neither the State of New York nor the County of Oneida 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 (if any) of the Agency derived and to be derived from the lease, sale or other disposition of the Facility. The limitations on the obligations of the Agency contained in this Section 12 by virtue of any lack of assurance required by paragraph \_\_\_\_\_ hereof shall not be deemed to prevent the occurrence and full force and effect of any event of default pursuant hereto.

(b) No order or decree of specific performance with respect to any of the obligations of the Agency hereunder or thereunder shall be sought or enforced against the Agency unless (A) the party seeking such order or decree shall first have requested the Agency in writing to take the action sought in such order or decree of specific performance, and ten (10) days shall have elapsed from the date of receipt of such request, and the Agency shall have refused to comply with such request (or, if compliance therewith would reasonably be expected to take longer than ten (10) days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period, and (B) if the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Agency an amount or undertaking sufficient to cover such reasonable fees and expenses, and (C) 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) or employees shall be subject to potential liability, the party seeking such order or decree shall (1) agree to indemnify and hold harmless the Agency and its members, officers, agents (other than the Company) and employees against any liability incurred as a result of its compliance with such demand, and (2) if requested by the Agency, furnish to the Agency satisfactory security to protect the Agency and its members,



officers, agents and employees against all liability expected to be incurred as a result of compliance with such request.

Nothing contained in this Section shall be deemed to render the Company an agent of the Agency.

(c) The parties agree that the Agency, its directors, members, officers, agents (except the Company) and employees shall not be liable for and each party agrees to defend, indemnify, release and hold the Agency, its directors, members, officers, agents (except the Company) and employees harmless from and against any and all (i) liability for loss or damage to Property or injury to or death of any and all Persons that may be occasioned by, directly or indirectly, any cause whatsoever pertaining to the 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 Facility or the Land or (ii) liability arising from or expense incurred by the Agency's financing, acquiring, constructing, renovating, equipping, owning and leasing of the Facility, including without limiting the generality of the foregoing, all claims arising from the breach by the Company of any of their respective covenants contained herein and all causes of action and attorneys' fees and any other expenses incurred in defending any claims, suits or actions which may arise as a result of any of the foregoing, provided that any such losses, damages, liabilities or expenses of the Agency are not incurred or do not result from the gross negligence or intentional or willful wrongdoing of the Agency, or any of its directors, members, agents (except the Company) or employees. The foregoing indemnities shall apply notwithstanding the fault or negligence in part of the Agency or any of its members, directors, officers, agents or employees and irrespective of the breach of a statutory obligation or the application of any rule of comparative or apportioned liability.

13. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

15. Amendments. This Agreement may not be amended, changed, modified, altered or terminated except by an instrument in writing executed by all parties to this Agreement.

16. Section Headings. The Section Headings contained in this Agreement are for convenience and reference only and shall not be used to interpret or construe provisions.

17. Further Assurances. The parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as may be reasonably necessary to give effect to the purposes of this Agreement and the parties' agreements hereunder.

18. Miscellaneous. The Recitals set forth above are hereby incorporated into and made a part of this Agreement.

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**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement Allocating Hampton Inn PILOT Payments to be executed and delivered by their duly authorized officers as of the day and year first above written.

**COUNTY:**

COUNTY OF ONEIDA

By: \_\_\_\_\_  
Anthony J. Picente, Jr.  
County Executive

**TOWN:**

TOWN OF NEW HARTFORD

By: \_\_\_\_\_  
Patrick Tyksinski  
Town Supervisor

**SCHOOL DISTRICT:**

NEW HARTFORD CENTRAL  
SCHOOL DISTRICT

By: \_\_\_\_\_  
Robert J. Nole  
Superintendent of Schools

**AGENCY:**

ONEIDA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By: \_\_\_\_\_  
David C. Grow  
Chairman

**ACKNOWLEDGEMENTS**

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

On this \_\_\_\_ day of \_\_\_\_\_, 2013, before me, the undersigned, a Notary Public in and for said State, personally appeared ANTHONY J. PICENTE, JR., 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 ONEIDA        )

On this \_\_\_\_ day of \_\_\_\_\_, 2013, before me, the undersigned, a Notary Public in and for said State, personally appeared PATRICK TYKSINSKI, 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 ONEIDA        )

On this \_\_\_\_ day of \_\_\_\_\_, 2013, before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT NOLE 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 ONEIDA        )

On this \_\_\_\_ day of \_\_\_\_\_, 2013, before me, the undersigned, a Notary Public in and for said State, personally appeared DAVID C. GROW 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

**EXHIBIT A**

**LEASEBACK AGREEMENT**

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

and

LT GROUP, LLC

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LEASEBACK AGREEMENT

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Dated as of September 1, 2011

Oneida County Industrial Development Agency  
2011 Real Estate Lease  
(LT Group, LLC Facility)

WHEREAS, the Company has agreed with the Agency, on behalf of the Agency and as the Agency's agent, to construct and equip the Facility in accordance with the Plans and Specifications presented to the Agency members (the "Project"); and

WHEREAS, the Agency proposes to lease the Facility to the Company, and the Company desires to rent the Facility from the Agency, upon the terms and conditions hereinafter set forth in this Leaseback Agreement; and

WHEREAS, NBT Bank, National Association (the "Bank") intends to finance a portion of the costs of the Facility by way of a loan in the principal amount of \$5,892,100.00 (the "Loan") to be secured by a Mortgage dated on or about September 20, 2011 (the "Mortgage") from the Agency and the Company to the Bank, and by an Assignment of Leases and Rents dated on or about September 20, 2011 (the "Assignment") from the Agency and the Company to the Bank;

## AGREEMENT

NOW THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereby formally covenant, agree and bind themselves as follows:

### Section 1.1 Representations and Covenants of Agency.

The Agency makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Agency is duly established and validly existing under the provisions of the Act and has full legal right, power and authority to execute, deliver, and perform each of the Agency Documents and the other documents contemplated thereby. Each of the Agency Documents and the other documents contemplated thereby has been duly authorized, executed and delivered by the Agency.

(b) The Agency will take title to or a leasehold interest in the Facility, lease the Facility to the Company pursuant to this Leaseback Agreement and designate the Company as its agent for purposes of the Project, all for the purpose of promoting the industry, health, welfare, convenience and prosperity of the inhabitants of the State and the County of Oneida and improving their standard of living.

(c) By resolution adopted on April 15, 2011, the Agency determined that, based upon the review by the Agency of the materials submitted and the representations made by the Company relating to the Facility, the Facility would not have a "significant impact" or "significant effect" on the environment within the meaning of the SEQRA Act.

(d) Neither the execution and delivery of any of the Agency Documents and the other documents contemplated thereby nor the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions of any of the Agency Documents and the other documents contemplated thereby, will conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of the Act, any other law or ordinance of the State or any political subdivision thereof or of the Agency's Certificate of Establishment or Bylaws, as amended, or of any corporate restriction or any agreement or instrument to which the Agency is a party or by which it is bound, or result in the creation or imposition of any Lien of any nature upon any of the Property of the Agency under the terms of the Act or any such law, ordinance, Certificate of Establishment, Bylaws, restriction, agreement or instrument.

(e) Each of the Agency Documents and the other documents contemplated thereby constitutes a legal, valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.

(f) The Agency has been induced to enter into this Leaseback Agreement by the undertaking of the Company to construct, equip, maintain and repair the Facility and create or retain related jobs in Oneida County, New York.

**Section 1.2 Representations and Covenants of Company.**

The Company makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Company is a limited liability company duly organized and validly existing under the laws of the State of New York and authorized to conduct business in the State of New York, and has full legal right, power and authority to execute, deliver and perform each of the Company Documents and the other documents contemplated thereby. Each of the Company Documents and the other documents contemplated thereby has been duly authorized, executed and delivered by the Company and each constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its respective terms.

(b) Neither the execution and delivery of any of the Company Documents and the other documents contemplated thereby nor the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions of any of the Company Documents and the other documents contemplated thereby, will conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of the articles of organization of the Company, the Operating Agreement of the Company, any law or ordinance of the State or any political subdivision thereof, or any restriction or any agreement or instrument to which the Company is a party or by which it is bound, or result in the creation or imposition of any Lien of any nature upon any of the Property of the Company under the terms of any such law, ordinance, restriction, agreement or instrument.

(c) The providing of the Facility by the Agency and the leasing thereof by the Agency to the Company will not result in the removal of an industrial or manufacturing plant, facility or other commercial activity of the Company from one area of the State to another area of the State nor result in the abandonment of one or more commercial or manufacturing plants or facilities of the



Company located within the State; and the Agency has found that, based on the Company's application, to the extent occupants are relocating from one plant or facility to another, the Project is reasonably necessary to discourage the Project occupants from removing such other plant or facility to a location outside the State and/or is reasonably necessary to preserve the competitive position of the Project occupants in their respective industries.

(d) The Facility and the design, construction, renovation, equipping and operation thereof will conform with all applicable zoning, planning, building and environmental laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Facility. The Company shall defend, indemnify and hold harmless the Agency for expenses, including attorneys' fees, resulting from any failure of the Company to comply with the provisions of this subsection (d).

(e) The Company has caused to be transferred to the Agency a leasehold interest in all those properties and assets contemplated by this Leaseback Agreement and all documents related hereto.

(f) There is no action, litigation, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending, or, to the knowledge of the Company, threatened against or affecting the Company, to which the Company is a party, and in which an adverse result would in any way diminish or adversely impact on the Company's ability to fulfill its obligations under this Leaseback Agreement or any of Company Documents or the transactions contemplated therein.

(g) The Company covenants that the Facility will comply in all respects with all environmental laws and regulations and, except in compliance with environmental laws and regulations, (i) that no pollutants, contaminants, solid wastes, or toxic or hazardous substances will be stored, treated, generated, disposed of, or allowed to exist on the Facility except in compliance with all material applicable laws, (ii) the Company will take all reasonable and prudent steps to prevent an unlawful release of hazardous substances onto the Facility or onto any other property, (iii) that no asbestos will be incorporated into or disposed of on the Facility, (iv) that no underground storage tanks will be located on the Facility, and (v) that no investigation, order, agreement, notice, demand or settlement with respect to any of the above is threatened, anticipated or in existence. The Company upon receiving any information or notice contrary to the representations contained in this Section shall immediately notify the Agency in writing with full details regarding the same. The Company hereby releases the Agency from liability with respect to, and agrees to defend, indemnify, and hold harmless the Agency, its executive director, directors, members, officers, employees, agents (except the Company), representatives, successors and assigns from and against any and all claims, demands, damages, costs, orders, liabilities, penalties and expenses (including reasonable attorneys' fees) related in any way to any violation of the covenants or failure to be accurate of the representations contained in this Section. In the event the Agency in its reasonable discretion deems it necessary to perform due diligence with respect to any of the above, or to have an environmental audit performed with respect to the Facility, the Company agrees to pay the expenses of same to the Agency upon demand, and agrees that upon failure to do so, its obligation for such expense shall be deemed to be additional rent.

(h) In its Application for Financial Assistance dated June 1, 2011, the Company projected that it will create no less than ten (10) permanent jobs by the end of the third year of the Lease Term (the "Employment Obligation").

## ARTICLE II

### DEMISING CLAUSES AND RENTAL PROVISIONS

#### Section 2.1 Agreement to Convey to Agency.

The Company has conveyed to the Agency a leasehold interest in real property, including any buildings, structures or improvements thereon, described in Exhibit A attached hereto and the Company has or will convey all of the interest in the Equipment described in Exhibit B. The Company agrees that the Agency's interest in the Facility resulting from said conveyances will be sufficient for the purposes intended by this Leaseback Agreement and agrees that it will defend, indemnify and hold the Agency harmless from any expense or liability arising out of a defect in title or a lien adversely affecting the Facility and will pay all reasonable expenses incurred by the Agency in defending any action with respect to title to or a lien affecting the Facility.

#### Section 2.2 Construction and Equipping of the Facility.

The Company, as agent for the Agency, will undertake the Project. The Company hereby covenants and agrees to annually file with the Department of Taxation and Finance the statement required by General Municipal Law Section 874(8) concerning the value of sales tax exemptions claimed.

#### Section 2.3 Demise of Facility.

The Agency hereby demises and leases the Facility to the Company and the Company hereby rents and leases the Facility from the Agency upon the terms and conditions of this Leaseback Agreement.

#### Section 2.4 Remedies to be Pursued Against Contractors, Subcontractors, Materialmen and their Sureties.

In the event of a default by any contractor, subcontractor, materialman or other person under any contract made by it in connection with the Facility or in the event of a breach of warranty or other liability with respect to any materials, workmanship, or performance guaranty, the Company at its expense, either separately or in conjunction with others, may pursue any and all remedies available to it and the Agency, as appropriate, against the contractor, subcontractor, materialman or other Person so in default and against any surety for the performance of such contract. The Company, in its own name or in the name of the Agency, may prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, materialman or surety or other person which the Company deems reasonably necessary, and in such event the Agency, at the Company's expense, hereby agrees to cooperate fully with the Company and to take all action necessary to effect the substitution of the Company for the Agency in any such action or proceeding. The Company shall advise the Agency of any actions or proceedings taken hereunder. The Agency may but shall not be obligated to prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, materialman or surety or other person which the Agency deems reasonably necessary, at the Company's expense.

**Section 2.5 Duration of Lease Term: Quiet Enjoyment.**

(a) The Agency shall deliver to the Company sole and exclusive possession of the Facility (subject to Sections 5.3 and 7.1 hereof) and the leasehold estate created hereby shall commence on the Closing Date and the Company shall accept possession of the Facility on the Closing Date.

(b) Except as provided in Section 7.1 hereof, the leasehold estate created hereby shall terminate at 11:59 p.m. on December 31, 2022 or on such earlier date as may be permitted by Section 8.1 hereof.

(c) The period commencing on the date described in Section 2.5(a) herein through the date described in Section 2.5(b) herein shall be herein defined as the Lease Term.

(d) Except as provided in Sections 5.3 and 7.1 hereof, the Agency shall neither take nor suffer or permit any action to prevent the Company during the Lease Term from having quiet and peaceable possession and enjoyment of the Facility and will, at the request of the Company and at the Company's cost, cooperate with the Company in order that the Company may have quiet and peaceable possession and enjoyment of the Facility as hereinabove provided.

**Section 2.6 Rents and Other Amounts Payable.**

(a) The Company shall pay basic rent for the Facility as follows: Five Hundred Dollars (\$500.00) per year commencing on the Closing Date and on the First Business Day of each and every May thereafter during the term of this Leaseback Agreement.

(b) In addition to the payments of rent pursuant to Section 2.6(a) hereof, throughout the Lease Term, the Company shall pay to the Agency as additional rent, within ten (10) days of receipt of demand therefore, the expenses of the Agency and the members thereof incurred (i) by reason of the Agency's ownership or leasing of the Facility or (ii) in connection with the carrying out of the Agency's duties and obligations under the Agency Documents, the payment of which is not otherwise provided for under this Leaseback Agreement. The foregoing shall not be deemed to include any annual or continuing administrative or management fee beyond any initial administrative fee or fee for services rendered by the Agency.

(c) The Company, under the provisions of this Section 2.6, agrees to make the above-mentioned payments in immediately available funds and without any further notice in lawful money of the United States of America. In the event the Company shall fail to timely make any payment required in Section 2.6(a) or 2.6(b), the Company shall pay the same together with interest on such payment at a rate equal to two percent (2%) plus the prime rate as established by the Bank, but in no event at a rate higher than the maximum lawful prevailing rate, from the date on which such payment was due until the date on which such payment is made.

**Section 2.7 Obligations of Company Hereunder Unconditional.** The obligations of the Company to make the payments required in Section 2.6 hereof, 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 rights of setoff, recoupment or counterclaim it may otherwise have against the Agency or any other Person. The Company agrees it will not (i) suspend, discontinue or abate any payment required hereunder, (ii) fail to observe any of its other covenants or agreement in this Leaseback Agreement or (iii) terminate this Leaseback Agreement for any cause whatsoever except as otherwise herein provided.

Subject to the foregoing provisions, nothing contained in this Section 2.7 shall be construed to release the Agency from the performance of any of the agreements on its part contained in this Leaseback Agreement or to affect the right of the Company to seek reimbursement, and in the event the Agency should fail to perform any such agreement, the Company may institute such separate action against the Agency as the Company may deem necessary to compel performance or recover damages for non-performance, and the Agency covenants that it will not, subject to the provisions of Section 5.2 hereof, take, suffer or permit any action which will adversely affect, or create any defect in its title to the Facility or which will otherwise adversely affect the rights or estate of the Company hereunder, except upon written consent of the Company.

#### **Section 2.8 Special Obligation.**

(a) The obligations of the Agency under the Agency Documents constitute a special obligation of the Agency, and all charges payable pursuant to or expenses or liabilities incurred thereunder shall be payable solely out of the revenues and other moneys of the Agency derived and to be derived from the leasing of the Facility, any sale or other disposition of the Equipment and as otherwise provided in the Authorizing Resolution, the Lease Agreement, this Leaseback Agreement, the PILOT Agreement and the Agreement Allocating PILOT Payments. Neither the members, officers, agents (except the Company) or employees of the Agency, nor any person executing the Agency Documents, shall be liable personally or be subject to any personal liability or accountability by reason of the leasing, construction, renovation, equipping or operation of the Facility. The obligations of the Agency under the Agency Documents are not and shall not be an obligation of the State or any municipality of the State and neither the State nor any such municipality (including, without limitation, Oneida County) shall be liable thereon.

(b) All payments made by the Agency or on behalf of the Company pursuant to the Agency Documents shall, to the extent of the sum or sums so paid, satisfy and discharge the liability of the Agency for moneys payable pursuant to the Agency Documents.

### **ARTICLE III**

#### **MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE**

##### **Section 3.1 Maintenance and Modifications of Facility by Company.**

(a) The Company shall not abandon the Facility or cause or permit any waste to the Improvements. During the Lease Term, the Company shall not remove any part of the Facility outside of the jurisdiction of the Agency and shall (i) keep the Facility in as reasonably safe condition as its

operation shall permit; (ii) make all necessary repairs and replacements to the Facility (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); and (iii) operate the Facility in a sound and economic manner.

(b) With the written consent of the Agency, which shall not be unreasonably withheld, the Company at its own expense from time to time may make any structural additions, modifications or improvements to the Facility or any part thereof, provided such actions do not adversely affect the structural integrity of the Facility. All such additions, modifications or improvements made by the Company shall become a part of the Facility and the Property of the Agency; provided, however, the Company 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 is acting as agent for the Agency under an Agent Agreement between the Agency and the Company that contemplates said additions, modifications or improvements or (ii) as otherwise provided by law. The Company agrees to deliver to the Agency all documents that may be necessary or appropriate to convey to the Agency title to such Property.

### Section 3.2 Installation of Additional Equipment.

The Company or any permitted sublessee of the Company from time to time may install additional machinery, equipment or other personal property in the Facility (which may be attached or affixed to the Facility), and such machinery, equipment or other personal property shall not become, or be deemed to become, a part of the Facility. The Company from time to time may remove or permit the removal of such machinery, equipment and other personal property from the Facility, provided that any such removal of such machinery, equipment or other personal property shall not occur (i) if any such removal shall adversely affect the structural integrity of the Facility or impair the overall operating efficiency of the Facility for the purposes for which it is intended, and provided further, that if any damage is occasioned to the Facility by such removal, the Company agrees to promptly repair such damage at its own expense; or (ii) if any such removal results in the Facility to not constitute a "Project" as such term is defined in the Act.

### Section 3.3 Taxes, Assessments and Utility Charges.

(a) The Company agrees to pay, as the same become due and before any fine, penalty, interest (except interest which is payable in connection with legally permissible installment payments) or other cost may be added thereto or becomes due or be imposed by operation of law for the non-payment thereof, (i) all taxes, payments in lieu of taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Facility and any machinery, equipment or other Property installed or brought by the Company therein or thereon, including, without limiting the generality of the foregoing, any sales or use taxes imposed with respect to the Facility or any part or component thereof, or the rental or sale of the Facility or any part thereof and any taxes levied upon or with respect to the income or revenues of the Agency from the Facility; (ii) all utility and other charges, including service charges, incurred or imposed for or with respect to the operation, maintenance, use, occupancy, upkeep and improvement of the Facility; (iii) all assessments and charges of any kind whatsoever lawfully made by any governmental body for public improvements; and (iv) all payments under the PILOT Agreement; 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 under this Leaseback Agreement to pay only such installments as are required to be paid during the Lease Term.

(b) The Company, at its own expense and in its own name and on behalf of or in the name of the Agency but with notice to the Agency, may in good faith contest any such taxes, assessments and other charges. In the event of any such proceedings, the Company may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such proceedings and any appeal therefrom, provided, however, that (i) neither the 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 and (ii) the Company shall have set aside on its books adequate reserves with respect thereto and shall have furnished such security, if any, as may be required in such proceedings or requested by the Agency.

(c) The Agency agrees that if it or the Company contests any taxes, assessments or other charges provided for in paragraph (b) hereof, all sums returned, as a result thereof, will be promptly transmitted by the Agency to the Company and that the Company shall be entitled to retain all such amounts.

(d) Within thirty (30) days of receipt of written request therefor, the Company shall deliver to the Agency official receipts of the appropriate taxing authorities or other proof reasonably satisfactory to the Agency evidencing payment of any tax.

#### Section 3.4 Insurance Required.

At all times throughout the Lease Term, including, when indicated herein, during the Construction Period, the Company shall, at its sole cost and expense, maintain or cause to be maintained insurance against such risks and for such amounts as are customarily insured against by businesses of like size and type and shall pay, as the same become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(a) Insurance against loss or damage by fire, lightning and other casualties customarily insured against, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full replacement value of the completed Improvements, exclusive of footings and foundations, as determined by a recognized appraiser or insurer selected by the Company. During the Construction Period, such policy shall be written in the so-called "Builder's Risk Completed Value Non-Reporting Form" and shall contain a provision granting the insured permission to complete and/or occupy.

(b) Workers' compensation insurance, disability benefits insurance and each other form of insurance that the Company or any permitted sublessee is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the Company or any permitted sublessee who are located at or assigned to the Facility. This coverage shall be in effect from and after the Completion Date or on such earlier date as any employees of the Company, any permitted sublessee, any contractor or subcontractor first occupy the Facility.

(c) Insurance protecting the Agency and the Company against loss or losses from liability imposed by law or assumed in any written contract (including the contractual liability assumed

by the Company under Section 5.2 hereof) and arising from personal injury, including bodily injury or death, or damage to the property of others, caused by an accident or occurrence with a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage), comprehensive automobile liability including all owned, non-owned and hired autos with a limit of liability of not less than \$3,000,000 (combined single limit or equivalent for personal injury, including bodily injury or death, and property damage) protecting the Agency and the Company against any loss or liability or damage for personal injury, including bodily injury or death, or property damage. This coverage shall also be in effect during the Construction Period.

(d) During the Construction Period (and for at least one year thereafter in the case of Products and Completed Operations as set forth below), the Company shall cause the general contractor to carry liability insurance of the type and providing the minimum limits set forth below:

(i) Workers' compensation and employer's liability with limits in accordance with applicable law.

(ii) Comprehensive general liability providing coverage for:  
Premises and Operations  
Products and Completed Operations  
Contractual Liability  
Personal Injury Liability  
Broad Form Property Damage  
(including completed operations)  
Explosion Hazard  
Collapse Hazard  
Underground Property Damage Hazard

Such insurance shall have a limit of liability of not less than \$3,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage).

(iii) Comprehensive auto liability, including all owned, non-owned and hired autos, with a limit of liability of not less than \$3,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage).

(e) A policy or policies of flood insurance in the maximum amount of flood insurance available with respect to the Facility under the Flood Disaster Protection Act of 1973, as amended, whichever is less. This requirement will be waived upon presentation of evidence satisfactory to the Agency that no portion of the Land is located within an area identified by the U.S. Department of Housing and Urban Development as having special flood hazards.

### Section 3.5 Additional Provisions Respecting Insurance.

(a) All insurance required by Section 3.4 hereof shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the entity required to procure the same and authorized to write such insurance in the State. 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 procuring entity is engaged. The policy evidencing the insurance required by Section 3.4(c) hereof shall name the Agency as an additional insured. All policies evidencing the insurance required by Sections 3.4(d)(ii) and (iii) shall name the Agency as additional insureds. The policies under Section 3.4(a) shall contain appropriate waivers of subrogation.

(b) All policies or certificates (or binders) of insurance required by Sections 3.4 hereof shall be submitted to the Agency on or before the Closing Date. The Company shall deliver to the Agency before the renewal date of each policy 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 of the types and in the amounts required by Section 3.4 hereof and complying with the additional requirements of Section 3.5(a) hereof. Prior to the expiration of each such policy, the Company shall furnish the Agency with evidence that such policy has been renewed or replaced or is no longer required by this Leaseback Agreement. If the Company receives written notice of the restriction, cancellation or modification of any policy evidencing the insurance required by Section 3.4 hereof it shall immediately provide said notification to the Agency. The Company shall provide such further information with respect to the insurance coverage required by this Leaseback Agreement as the Agency may from time to time reasonably require.

Section 3.6 Application of Net Proceeds of Insurance. The net proceeds of the insurance carried pursuant to the provisions of Section 3.4 hereof shall be applied as set forth in the Mortgage, and in any event shall continue to protect the Agency from any liability whatsoever. Once the Mortgage has been released, the net proceeds shall be applied as follows: (i) the net proceeds of the insurance required by Sections 3.4(a) and (e) hereof shall be applied as provided in Section 4.1 hereof, and (ii) the net proceeds of the insurance required by Sections 3.4(b), (c), and (d) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 3.7 Right of Agency to Pay Taxes, Insurance Premiums and Other Charges.

If the Company fails (i) to pay any tax, together with any fine, penalty, interest or cost which may have been added thereto or become due or been imposed by operation of law for nonpayment thereof, or payments-in-lieu-of-taxes pursuant to the PILOT Agreement, assessment or other governmental charge required to be paid by Section 3.3 hereof, (ii) to maintain any insurance required to be maintained by Section 3.4 hereof, (iii) to pay any amount required to be paid by any law or ordinance relating to the use or occupancy of the Facility or by any requirement, order or notice of violation thereof issued by any governmental person, (iv) to pay any mechanic's Lien which is recorded or filed against the Facility or any part thereof (unless contested in accordance with the provision of Section 5.7(b) hereof), (v) to pay any real property transfer gains tax, together with any interest and penalties thereon, which is due and payable by reason of a conveyance of the leasehold estate in and to the Facility pursuant to a judicial sale in any foreclosure action or by deed and/or assignment in lieu of foreclosure or (vi) to pay any other amount or perform any act hereunder required to be paid or performed by the Company hereunder, the Agency may but shall not be obligated to pay or cause to be paid such tax or payments-in-lieu-of-tax pursuant to the PILOT Agreement, assessment or other governmental charge or the premium for such insurance or any such other payment or may perform any such act. No such payment shall be made or act performed by the Agency until at least ten (10) days shall have elapsed since notice shall have been given by the Agency to the Company, and in the case of any tax, assessment



or governmental charge or the amounts specified in paragraphs (iii), (v) and (vi) hereof, no such payment shall be made in any event if the Company is contesting the same in good faith to the extent and as permitted by this Leaseback Agreement unless an Event of Default hereunder shall have occurred and be continuing. Notwithstanding the provisions of this Section 3.7, if, because of the Company's failure to make payments as described in this Section 3.7, either the Agency, or any of its respective members, directors, officers, agents (except the Company), or employees, shall be threatened with a fine, liability, expense or imprisonment, then the Agency may immediately make payment on behalf of the Company in avoidance thereof. No such payment by the Agency shall affect or impair any rights of the Agency hereunder arising in consequence of such failure by the Company. The Company shall, on demand, reimburse the Agency for any amount so paid or for expenses or costs incurred in the performance of any such act by the Agency pursuant to this Section (which shall include all legal fees and disbursements), together with interest thereon from the date of payment of such amount, expense or cost by the Agency at one percent above the prime rate as established by the Bank, but in no event more than to the extent permitted by law.

#### ARTICLE IV

##### DAMAGE, DESTRUCTION AND CONDEMNATION

###### Section 4.1 Damage or Destruction of the Facility.

(a) If the Facility or any part or component shall be damaged or destroyed (in whole or in part) at any time during the Lease Term:

(i) the Agency shall have no obligation to replace, repair, rebuild, restore or relocate the Facility; and

(ii) there shall be no abatement or reduction in the amounts payable by the Company under this Leaseback Agreement (whether or not the Facility is replaced, repaired, rebuilt, restored or relocated); and

(iii) upon the occurrence of such damage or destruction, the Net Proceeds derived from the insurance shall be paid in accordance with the terms of the Mortgage, so long as the mortgage is in effect. After the release of the Mortgage, the Net Proceeds derived from the insurance shall be paid to the Company, except as otherwise provided in Section 8.1 and subsection (d) hereof.

(b) Any replacements, repairs, rebuilding, restorations or relocations of the Facility by the Company after the occurrence of such damages or destruction shall be subject to the following conditions:

(i) the Facility shall be in substantially the same condition and value as an operating entity as existed prior to the damage or destruction;

(ii) the Facility shall continue to constitute a "project" as such term is defined in the Act; and

(iii) the Facility will be subject to no Liens, other than Permitted Encumbrances.

(c) All such repair, replacement, rebuilding, restoration or relocation of the Facility shall be effected with due diligence in a good and workmanlike manner in compliance with all applicable legal requirements, shall be promptly and fully paid for by the Company in accordance with the terms of the applicable contracts, and shall automatically become a part of the Facility as if the same were specifically provided herein.

(d) If the Company shall exercise its option to terminate this Leaseback Agreement pursuant to Section 8.1 hereof such Net Proceeds shall be applied to the payment of the amounts required to be paid by Section 8.2 hereof. If an Event of Default hereunder shall have occurred and the Agency shall have exercised its remedies under Section 7.2 hereof such Net Proceeds shall be applied to the payment of the amounts required to be paid by Section 7.2 and Section 7.4 hereof.

#### Section 4.2 Condemnation.

(a) If title to or use of the Facility shall be taken by Condemnation (in whole or in part) at any time during the Lease Term:

(i) the Agency shall have no obligation to replace, repair, rebuild, restore or relocate the Facility or acquire, by construction or otherwise, facilities of substantially the same nature as the Facility ("Substitute Facilities"); and

(ii) there shall be no abatement or reduction in the amounts payable by the Company under this Lease Agreement (whether or not the Facility is replaced, repaired, rebuilt, restored or relocated or Substitute Facilities acquired); and

(iii) upon the occurrence of such Condemnation, the Net Proceeds derived therefrom shall be paid in accordance with the terms of the mortgage, if any, so long as the mortgage is in effect. After the release of the mortgage, the Net Proceeds derived therefrom shall be paid to the Company except as otherwise provided in Section 8.1 and subsection (d) hereof.

(b) Any replacements, repairs, rebuilding, restorations, relocations of the Facility by the Company after the occurrence of such Condemnation or acquisitions by the Company of Substitute Facilities shall be subject to the following conditions:

(i) the Facility or the Substitute Facilities shall be in substantially the same condition and value as an operating entity as existed prior to the Condemnation;

(ii) the Facility or the Substitute Facilities shall continue to constitute a "project" as such term is defined in the Act; and

(iii) the Facility or the Substitute Facilities will be subject to no Liens, other than Permitted Encumbrances.

(c) All such repair, replacement, rebuilding, restoration or relocation of the Facility shall be effected with due diligence in a good and workmanlike manner in compliance with all applicable legal requirements, shall be promptly and fully paid for by the Company in accordance with the terms of the applicable contracts, and shall automatically become a part of the Facility as if the same were specifically described herein.

(d) If the Company shall exercise its option to terminate this Leaseback Agreement pursuant to Section 8.1 hereof such Net Proceeds shall be applied to the Payment of the amounts required to be paid by Section 8.2 hereof. If any Event of Default hereunder shall have occurred and the Agency shall have exercised its remedies under Section 7.2 hereof such Net Proceeds shall be applied to the payment of the amounts required to be paid by Section 7.2 and Section 7.4 hereof.

Section 7.3 Condemnation of Company-Owned Property. The Company shall be entitled to the proceeds of any Condemnation award or portion thereof made for damage to or taking of any Property, which, at the time of such damage or taking, is not part of the Facility.

## ARTICLE V

### SPECIAL COVENANTS

#### Section 5.1 No Warranty of Condition or Suitability by Agency.

THE AGENCY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE FACILITY OR THAT IT IS OR WILL BE SUITABLE FOR THE COMPANY'S PURPOSES OR NEEDS.

#### Section 5.2 Hold Harmless Provisions.

(a) The Company agrees that the Agency, its directors, members, officers, agents (except the Company) and employees shall not be liable for and agree to defend, indemnify, release and hold the Agency, its directors, members, officers, agents (except the Company) and employees harmless from and against any and all (i) liability for loss or damage to Property or injury to or death of any and all Persons that may be occasioned by, directly or indirectly, any cause whatsoever pertaining to the 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 Facility or the Land or (ii) liability arising from or expense incurred by the Agency's financing, acquiring, constructing, renovating, equipping, owning and leasing of the Facility, including without limiting the generality of the foregoing, all claims arising from the breach by the Company of any of its covenants contained herein, and all causes of action and attorneys' fees and any other expenses incurred in defending any claims, suits or actions which may arise as a result of any of the foregoing, provided that any such losses, damages, liabilities or expenses of the Agency are not incurred

or do not result from the gross negligence or intentional or willful wrongdoing of the Agency, or any of its directors, members, agents (except the Company) or employees.

(b) Notwithstanding any other provisions of this Leaseback Agreement, the obligations of the Company pursuant to this Section 5.2 shall remain in full force and effect after the termination of this Leaseback Agreement 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 payment in full or the satisfaction of such claim, cause of action or prosecution relating to the matters herein described and the payment of all expenses and charges incurred by the Agency, or its respective members, directors, officers, agents and employees, relating to the enforcement of the provisions herein specified.

(c) In the event of any claim against the Agency or its members, directors, officers, agents or employees by any employee or 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 obligation of the Company hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation, disability benefits or other employee benefit acts.

#### Section 5.3 Right to Inspect Facility.

The Agency and the duly authorized agents of the Agency shall have the right at all reasonable times to inspect the Facility. The Agency shall honor and comply with any restricted access policy of the Company relating to the Facility.

#### Section 5.4 Company to Maintain Its Existence.

The Company agrees that during the Lease Term it will maintain its existence, will not dissolve, liquidate or otherwise dispose of substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it, except as otherwise provided for in the Leaseback Agreement.

#### Section 5.5 Qualification in State.

The Company throughout the Lease Term shall continue to be duly authorized to do business in the State.

#### Section 5.6 Agreement to File Annual Statements and Provide Information.

The Company shall file with the New York State Department of Taxation and Finance an annual statement of the value of all sales and use tax exemptions claimed in connection with the Facility in compliance with Section 874(8) of the New York State General Municipal Law. The Company further agrees whenever requested by the Agency to provide and certify or cause to be provided and certified such information concerning the Company, their finances, their operations and their affairs necessary to enable the Agency to make any report required by law, governmental regulation or any of the Agency Documents.

**Section 5.7 Books of Record and Account; Financial Statements.**

The Company at all times agrees to maintain proper accounts, records and book in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all transactions and events relating to the business and affairs of the Company.

**Section 5.8 Compliance With Orders, Ordinances, Etc.**

(a) The Company, throughout the Lease Term, agrees that it will promptly comply, and cause any sublessee or occupant of the Facility to comply, with all statutes, codes, laws, acts, ordinances, orders, judgments, authorizations, directions and requirements, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Facility or any part thereof or to the acquisition, construction, renovation and equipping thereof, or to any use, manner of use or condition of the Facility or any part thereof, of all federal, state, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers and companies or associations insuring the premises having jurisdiction of the Facility or any part thereof, or to the acquisition, construction, renovation and equipping thereof, or to any use, manner of use or condition of the Facility or any part thereof.

(b) The Company shall construct, equip, use, operate and manage the Facility, in accordance with all applicable Environmental Laws and Environmental Permits (as such terms are defined in the Environmental Compliance and Indemnification Agreement), and shall cause all operators, tenants, subtenants, licensees and occupants of the Facility to construct, equip, use, operate and manage the Facility in accordance with any applicable Environmental Laws and Environmental Permits, and shall not cause, allow or permit the Facility or any part thereof to be operated or used for the storage, treatment, generation, transportation, processing, handling, production, management or disposal of any Hazardous Substances other than in accordance with all applicable Environmental Laws and Environmental Permits. The Company shall obtain and comply with, and shall cause all contractors, subcontractors, operators, tenants, subtenants, licensees and occupants of the Facility to obtain and comply with, all Environmental Permits. The Company shall not cause or permit any change to be made in the present or intended construction, equipping, use or operation of the Facility which would (i) involve the storage, treatment, generation, transportation, processing, handling, management, production or disposal of any Hazardous Substance other than in accordance with any applicable Environmental Law, or the construction, equipping, use or operation of the Facility as a landfill or waste management or disposal site or for manufacturing or industrial purposes or for the storage of petroleum or petroleum based products other than in accordance with any applicable Environmental Law, (ii) violate any applicable Environmental Laws, (iii) constitute a violation or non-compliance with any Environmental Permit or (iv) increase the risk of a Release of any Hazardous Substance (as such terms are defined in the Environmental Compliance and Indemnification Agreement). The Company shall promptly provide the Agency with a copy of all notifications which the Company gives or receives with respect to environmental conditions at or in the vicinity of the Facility, any past or present Release or the threat of a Release of any Hazardous Substance on, at or from the Facility or any property adjacent to or within the immediate vicinity of the Facility. If the Company receives or becomes aware of any such notification that is not in writing or otherwise capable of being copied, the Company shall promptly advise the Agency of such verbal, telephonic or electronic notification and confirm such notice in writing. The Company shall undertake and complete all investigations, studies, sampling and testing and all removal or remedial actions

necessary to contain, remove and clean up all Hazardous Substances that are or may become present at the Facility and are required to be removed and/or remediated in accordance with all applicable Environmental Laws and all Environmental Permits. The Company shall allow the Agency, its officers, members, employees, agents, representatives, contractors and subcontractors reasonable access to the Facility during regular business hours of the Company for the purposes of ascertaining the environmental conditions at, on or in the vicinity of the Facility, including, but not limited to, subsurface conditions. If at any time the Agency obtains any notice or information that the Company or the Facility or the renovation, equipping, use or operation of the Facility may be in violation of an Environmental Law or in non-compliance with any Environmental Permit or standard, the Agency may require that a full or supplemental environmental inspection and audit report with respect to the Facility of a scope and level of detail reasonably satisfactory to the Agency be prepared by a professional environmental engineer or other qualified environmental scientist acceptable to the Agency, at the Company's sole cost and expense. Said audit may, but is not required to or limited to, include a physical inspection of the Facility, a records search, a visual inspection of any property adjacent to or within the immediate vicinity of the Facility, personnel interviews, review of all Environmental Permits and the conduct of a scientific testing. If necessary to determine whether a violation of an Environmental Law exists, such inspection shall also include subsurface testing for the presence of Hazardous Substances in the soil, subsoil, bedrock, surface water and/or groundwater. If said audit report indicates the presence of any Hazardous Substance or a Release or Disposal (as such terms are defined in the Environmental Compliance and Indemnification Agreement) or the threat of a Release or Disposal of any Hazardous Substance on, at or from the Facility, the Company shall promptly undertake and diligently pursue to completion all necessary, appropriate investigative, containment, removal, clean up and other remedial actions required by any Environmental Law, using methods recommended by the professional engineer or other environmental scientist who prepared said audit report and acceptable to the appropriate federal, state and local agencies or authorities. For purposes of this Section, "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, *et seq.*), the Superfund Amendments and Reauthorization Act of 1986 (Pub.L. No. 99-499, 100 stat. 1613 (1986), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, *et seq.*), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation. The provisions of this Section shall be in addition to any and all other obligations and liabilities the Company may have to the Agency at common law or otherwise, and shall survive the transactions contemplated herein.

(c) The Company hereby covenants and agrees, at its sole cost and expense, to indemnify, protect, defend, save and hold harmless the Agency, its officers, directors, members, employees, agents and representatives acting in their official capacity, from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, actions, proceedings, costs, disbursements or expenses (including, without limitation, attorneys' and experts' fees, expenses and disbursements, and attorneys' fees incurred to enforce the terms, conditions and provisions of this agreement) of any kind or nature whatsoever which may at any time be imposed upon, incurred by or asserted or awarded against the Agency, its officers, members, employees, agents (except the Company), representatives, contractors and subcontractors relating to, resulting from or arising out of (i) the environmental conditions at, on or in the vicinity of the Facility, (ii) the construction, renovation, equipping, operation or use of the Facility in violation of any applicable Environmental Law

for the storage, treatment, generation, transportation, processing, handling, management, production or disposal of any Hazardous Substance or as a landfill or other waste disposal site, or for military, manufacturing or industrial purposes or for the commercial storage of petroleum or petroleum based products, (iii) the presence of any Hazardous Substance or a Release or Disposal or the threat of a Release or Disposal of any Hazardous Substance or waste on, at or from the Facility, (iv) the failure to promptly undertake and diligently pursue to completion all necessary, appropriate and legally authorized investigative, containment, removal, clean up and other remedial actions with respect to a Release or the threat of a Release of any Hazardous Substance on, at or from the Facility, required by any Environmental Law, (v) human exposure to any Hazardous Substance, noises, vibrations or nuisances of whatever kind to the extent the same arise from the condition of the Facility or the construction, equipping, ownership, use, sale, operation, conveyance or operation thereof in violation of any Environmental Law, (vi) a violation of any applicable Environmental Law, (vii) non-compliance with any Environmental Permit or (viii) a material misrepresentation or inaccuracy in any representation or warranty or a material breach of or failure to perform any covenant made by the Company in the Environmental Compliance and Indemnification Agreement (collectively, the "Indemnified Matters").

(d) Notwithstanding the provisions of subsections (a), (b) and (c) hereof, the Company may in good faith contest the validity or the applicability of any requirement of the nature referred to in such subsections (a) and (b) by appropriate legal proceedings conducted in good faith and with due diligence. In such event, the Company may fail to comply with the requirement or requirements so contested during the period of such contest and any appeal therefrom, unless the Agency shall notify the Company that by failure to comply with such requirement or requirements, the Facility or any part thereof may be subject to loss, penalty or forfeiture, in which event the Company shall promptly take such action with respect thereto or provide such security as shall be satisfactory to the Agency. If at any time the then existing use or occupancy of the Facility shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, the Company shall use its best efforts to not cause or permit such use or occupancy to be discontinued without the prior written consent of the Agency.

(e) Notwithstanding the provisions of this Section 5.8, if, because of a breach or violation of the provisions of subsections (a), (b) or (c) hereof (without giving effect to subsection (d) hereof), the Agency or any of its members, directors, officers, agents, or employees, shall be threatened with a fine, liability, expense or imprisonment, then, upon notice from the Agency, the Company shall immediately provide legal protection and/or pay amounts necessary in the opinion of the Agency and its members, directors, officers, agents and employees deem sufficient, to the extent permitted by applicable law, to remove the threat of such fine, liability, expense or imprisonment.

(f) Notwithstanding any provisions of this Section, the Agency retains the right to defend itself in any action or actions which are based upon or in any way related to such Hazardous Materials and Hazardous Substances. In any such defense of itself, the Agency shall select its own counsel, and any and all costs of such defense, including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses, shall be paid by the Company.

#### Section 5.9 Discharge of Liens and Encumbrances.

(a) The Company, throughout the Lease Term, shall not permit or create or suffer to be permitted or created any Lien, except for Permitted Encumbrances, upon the Facility or any part thereof by reason of any labor, services or materials rendered or supplied or claimed to be rendered or supplied with respect to the Facility or any part thereof.

(b) Notwithstanding the provisions of subsection (a) hereof, the Company may in good faith contest any such Lien. In such event, the Company may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Agency shall notify the Company that by nonpayment of any such item or items, the Facility or any part thereof may be subject to loss or forfeiture, in which event the Company shall promptly secure payment of all such unpaid items by filing a bond, in form and substance satisfactory to the Agency, thereby causing such Lien to be removed or by taking such other actions as may be satisfactory to the Agency to protect their respective interests. Mechanics' Liens shall be discharged or bonded within thirty (30) days of the filing or perfection thereof.

**Section 5.10 Depreciation Deductions and Investment Tax Credit.**

The parties agree that, as between them, the Company shall be entitled to all depreciation deductions with respect to any depreciable property comprising a part of the Facility and to any investment credit with respect to any part of the Facility.

**Section 5.11 Employment Opportunities. Notice of Jobs.**

The Company covenants and agrees that, in consideration of the participation of the Agency in the transactions contemplated herein, it will, except as otherwise provided by collective bargaining contracts or agreements to which it is a party, cause any new employment opportunities created in connection with the Facility to be listed with the New York State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Job Training Partnership Act (PL 97-300) in which the Facility is located (collectively the "Referral Agencies"). The Company also agrees that it will, except as otherwise provided by collective bargaining contracts or agreements to which it is a party, first consider for such new employment opportunities persons eligible to participate in federal job training partnership (PL 97-300) programs who shall be referred by the Referral Agencies.

**Section 5.12 Limitation of Liability of the Agency.**

The liability of the Agency to the Company under this Leaseback Agreement shall be enforceable only out of the Agency's interest under this Leaseback Agreement, and there shall be no other recourse against the Agency, its officers, members, agents and employees, past, present or future, or any of the property now or hereafter owned by it or them.

**ARTICLE VI**

**RELEASE OF CERTAIN LAND; ASSIGNMENTS AND SUBLEASING;**



## PLEDGE OF INTERESTS

### Section 6.1 Restriction on Sale of Facility; Release of Certain Land.

(a) Except as otherwise specifically provided in this Article VI and in Article VII hereof, the Agency shall not sell, convey, transfer, encumber or otherwise dispose of the Facility or any part thereof or any of its rights under this Leaseback Agreement, without the prior written consent of the Company.

(b) The Agency and the Company from time to time may release from the provisions of this Leaseback Agreement and the leasehold estate created hereby any part of, or interest in, the Land which is not necessary, desirable or useful for the Facility. In such event, the Agency, at the Company's sole cost and expense, shall execute and deliver, any and all instruments necessary or appropriate to so release such part of, or interest in, the Land and convey such title thereto or interest therein to the Company or such other Person as the Company may designate.

(c) No conveyance of any part of, or interest in the Land affected under the provisions of this Section 6.1 shall entitle the Company to any abatement or diminution of the rents payable by it under this Leaseback Agreement.

### Section 6.2 Removal of Equipment.

(a) The Agency shall not be under any obligation to remove, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary item of Equipment. In any instance where the Company determines that any item of Equipment has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company may remove such items from the Facility and may sell, trade-in, exchange or otherwise dispose of the same, as a whole or in part, provided that such removal will not materially impair the operation of the Facility for the purpose for which it is intended or change the nature of the Facility so that it does not constitute a "project" under the Act.

(b) The Agency shall execute and deliver to the Company all instruments necessary or appropriate to enable the Company to sell or otherwise dispose of any such item of Equipment. The Company shall pay any costs (including counsel fees) incurred in transferring title to any item of Equipment removed pursuant to this Section 6.2.

(c) The removal of any item of Equipment pursuant to this Section shall not entitle the Company to any abatement or diminution of the rents payable by it under this Leaseback Agreement.

### Section 6.3 Assignment and Subleasing.

(a) This Leaseback Agreement may not be assigned, in whole or in part, and the Facility may not be subleased, in whole or in part, without the prior written consent of the Agency in each instance. A transfer in excess of 50% of the equity voting interests of the Company (other than a transfer to a family member) shall be deemed an assignment and require the prior written consent of the Agency. Any assignment or sublease shall be on the following conditions, as of the time of such assignment or sublease:

(i) no assignment or sublease shall relieve the Company from primary liability for any of its obligations hereunder;

(ii) the assignee or sublessee shall assume the obligations of the Company hereunder to the extent of the interest assigned or subleased;

(iii) the Company shall, within (10) days after the delivery thereof, furnish or cause to be furnished to the Agency a true and complete copy of such assignment or sublease and the instrument of assumption;

(iv) neither the validity nor the enforceability of the Leaseback Agreement shall be adversely affected thereby; and

(v) the Facility shall continue to constitute a "project" as such quoted term is defined in the Act.

(b) If the Agency shall so request, as of the purported effective date of any assignment or sublease pursuant to subsection (a) of this Section 6.3, the Company at its cost shall furnish the Agency, with an opinion, in form and substance satisfactory to the Agency, (i) of Transaction Counsel as to item (v) above, and (ii) of Independent Counsel as to item (iv) above.

#### Section 6.4 Pledge of Agency's Interests to Bank.

(a) The Agency is being requested to pledge and assign its rights to and interest in this Leaseback Agreement and in all amounts payable by the Company pursuant to Section 2.3 hereof and all other provisions of this Leaseback Agreement (other than Unassigned Rights), to the Bank. The Agency hereby consents to such mortgage, pledge and assignment by the Agency. Notwithstanding the foregoing, all indemnities herein contained shall subsequent to such pledge and assignment continue to run to the Agency for its benefit.

(b) The Agency may be requested to pledge and assign its rights to and interest in this Leaseback Agreement and in all amounts payable by the Company pursuant to Section 2.3 hereof and all other provisions of this Leaseback Agreement (other than Unassigned Rights), to a lending institution. The Agency shall not unreasonably withhold its consent to such mortgage, pledge and assignment by the Agency. Notwithstanding the foregoing, all indemnities herein contained shall subsequent to such pledge and assignment continue to run to the Agency for its benefit.

#### Section 6.6 Merger of Agency.

(a) Nothing contained in this Leaseback Agreement shall prevent the consolidation of the Agency with, or merger of the Agency into, or transfer of title to the entire Facility to any other public benefit corporation or political subdivision which has the legal authority to own and lease the Facility, provided that upon any such consolidation, merger or transfer, the due and punctual performance and observance of all the agreements and conditions of this Leaseback Agreement 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 Facility shall be transferred.

(b) Within thirty (30) days after the consummation of any such consolidation, merger or transfer of title, the Agency shall give notice thereof in reasonable detail to the Company and shall furnish to the Company, at the sole cost and expense of the Company, a favorable opinion of Independent Counsel as to compliance with the provisions of Section 6.6(a) hereof. The Agency promptly shall furnish such additional information with respect to any such transaction as the Company may reasonably request.

## ARTICLE VII

### EVENTS OF DEFAULTS AND REMEDIES

#### Section 7.1 Events of Default Defined.

(a) The following shall be "Events of Default" under this Lease Agreement:

(i) the failure by the Company to pay or cause to be paid on the date due, the amount specified to be paid pursuant to Section 2.6(a) and (b) hereof and upon failure to cure such default within five (5) days of receipt of notice as herein provided;

(ii) the failure by the Company to observe and perform any covenant contained in Sections 5.6 and 6.3 hereof;

(iii) any representation or warranty of the Company herein or in any of the Company's Documents shall prove to have been false or misleading in any material respect;

(iv) the failure by the Company to observe and perform any covenant, condition or agreement hereunder on their part to be observed or performed (except obligations referred to in 7.1(a)(i), (ii), and (iii)) for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the Agency;

(v) the failure by the Company to release, stay, discharge, lift or bond within thirty (30) days any execution, garnishment, judgment or attachment of such consequence as may impair its ability to carry on its operations; or an assignment by the Company for the benefit of creditors; the commencement by the Company (as the debtor) of a case in Bankruptcy or any proceeding under any other insolvency law; or the commencement of a case in Bankruptcy or any proceeding under any other insolvency law against the Company (as the debtor) and a court having jurisdiction in the premises enters a decree or order for relief against the Company as the debtor in such case or proceeding, or such case or proceeding is consented to by the Company or remains undismissed for forty (40) days, or the Company consents to or admits the material allegations against it in any such

case or proceeding; or a trustee, receiver or agent (however named) is appointed or authorized to take charge of substantially all of the property of the Company for the purpose of enforcing a lien against such Property or for the purpose of general administration of such Property for the benefit of creditors;

(vi) the invalidity, illegality or unenforceability of the PILOT Agreement or the failure of the Company to make payments thereunder when due;

(vii) a breach of any covenant or representation contained in Section 5.8 hereof with respect to environmental matters;

(viii) failure to maintain insurance as provided for in Section 3.4 and Section 3.5 herein;

(ix) failure of the Company to achieve the Economic Benefits as provided for in Section 7.6 herein; or

(x) failure of the parties to execute and deliver an Agreement Allocating PILOT Payments within ninety (90) days after the Closing Date.

(b) Notwithstanding the provisions of Section 7.1(a), if by reason of force majeure any party hereto shall be unable in whole or in part to carry out its obligations under Sections 2.2 and 3.1 of this Leaseback Agreement and if such party shall give notice and full particulars of such force majeure in writing to the other party, within a reasonable time after the occurrence of the event or cause relied upon, such obligations under this Leaseback Agreement of the party giving such notice (and only such obligations), so far as they are affected by such force majeure, shall be suspended during continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The term "force majeure" as used herein shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, acts, priorities or orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, governmental subdivisions, or officials, any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, shortages of labor or materials or delays of carriers, partial or entire failure of utilities, shortage of energy or any other cause or event not reasonably within the control of the party claiming such inability and not due to its fault. The party claiming such inability shall remove the cause for the same with all reasonable promptness. It is agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the party having difficulty, and the party having difficulty shall not be required to settle any strike, lockout and other industrial disturbances by acceding to the demands of the opposing party or parties.

#### Section 7.2 Remedies on Default.

(a) Whenever any Event of Default shall have occurred, the Agency may take, to the extent permitted by law, any one or more of the following remedial steps:

(i) declare, by written notice to the Company, to be immediately due and payable, whereupon the same shall become immediately due and payable: (A) all unpaid installments of rent payable pursuant to Section 2.6(a) and (b) hereof and (B) all other payments due under this Leaseback Agreement and (C) only if the Agreement Allocating PILOT Payments is in effect, all payments due under the PILOT Agreement if the PILOT Agreement were in full force and effect for the full Lease Term, to be deposited by the Agency into the New Hartford Business Park PILOT Payments Fund (as said term is defined in the Agreement Allocating PILOT Payments); provided, however, that if an Event of Default specified in Section 7.1(a)(v) hereof shall have occurred, such installments of rent and other payments due under this Leaseback Agreement shall become immediately due and payable without notice to the Company or the taking of any other action by the Agency;

(ii) terminate, on ten (10) days written notice to the Company the Lease Term and all rights of the Company under this Leaseback Agreement and, without being liable for any prosecution or damages therefor, holding the Company liable for the amount, if any, by which the aggregate of the rents and other amounts payable by the Company hereunder exceeds the aggregate of the rents and other amounts received from such other Person under the new lease;

(iii) terminate the leasehold interest in the Facility and terminate the PILOT Agreement. The Agency shall have the right to execute an appropriate termination of leaseback agreement with respect to the Facility and to place the same on record in the Oneida County Clerk's Office, at the expense of the Company, and in such event the Company waives delivery and acceptance of such termination of leaseback agreement. The Company does hereby appoint the Agency as its true and lawful agent to execute such instruments and documents as may be necessary and appropriate to effectuate such termination as aforesaid. Such appointment of the Agency as the agent of the Company shall be deemed to be an agency coupled with an interest and such appointment shall be irrevocable;

(iv) take any other action at law or in equity which may appear necessary or desirable to collect the payments then due or thereafter to become due hereunder, to secure possession of the Facility, and to enforce the obligations, agreements or covenants of the Company under this Leaseback Agreement.

(b) In the event the Facility is subleased or leased to another Person pursuant to Section 7.2(a)(ii) or (iii) hereof, the Agency may (but shall be under no obligation to) make such repairs or alterations in or to the Facility as it may deem necessary or desirable for the implementation of such sublease or lease, and the Company shall be liable and agrees to pay the costs of such repairs or alterations and the expenses incidental to the effecting of such sublease or lease, together with such interest on such costs and expense paid by the Agency at the rate of two percent (2%) in excess of the prime rate as set by Bank of America, but in no event at a rate higher than the maximum lawful prevailing rate, from the date on which such costs and expenses were incurred until the date on which such payment is made, notwithstanding that the Lease Term and all rights of the Company under this Lease Agreement may have been terminated pursuant to Section 7.2(a)(iii) hereof.

(d) No action taken pursuant to this Section 7.2 (including repossession of the Facility) shall relieve the Company from its obligation to make all payments required hereunder.

(e) After an Event of Default shall have occurred, the Company shall have the right upon notice to the Agency to enter the Facility with agents or representatives of the Agency to remove any equipment or other personalty owned by the Company if such equipment or personalty is not part of the Facility.

**Section 7.3 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 Leaseback Agreement 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 VII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required in this Leaseback Agreement.

**Section 7.4 Agreement to Pay Attorneys' Fees and Expenses.**

In the event the Company should default under any of the provisions of this Leaseback Agreement and the Agency should employ 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 the fees of such attorneys and such other expenses so incurred.

**Section 7.5 No Additional Waiver Implied by One Waiver.**

In the event any agreement contained herein should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

**Section 7.6 Recapture.**

The financial assistance granted by the Agency and the lease of the Facility are subject to a Job Creation and Recapture Agreement dated as of September 1, 2011 (the "Job Creation Agreement"), which is incorporated herein by reference.

**ARTICLE VIII**

**EARLY TERMINATION OF LEASEBACK AGREEMENT;**

**OPTION IN FAVOR OF COMPANY**

**Section 8.1 Early Termination of Leaseback Agreement.**

(a) The Company shall have the option to terminate this Leaseback Agreement at any time upon filing with the Agency a certificate signed by an Authorized Representative of the Company stating the Company's intention to do so pursuant to this Section and the date upon which such payments required by Section 8.2 hereof shall be made (which date shall not be less than 45 nor more than 90 days from the date such certificate is filed) and upon compliance with the requirements set forth in Section 8.2 hereof. The Company acknowledges that exercising its option to terminate pursuant to this Section shall constitute an Event of Default under the Jobs Creation Agreement.

(b) The Agency shall have the option at any time to terminate this Leaseback Agreement and to demand immediate payment in full of the rental reserved and unpaid as described in Section 2.6 hereof upon written notice to the Company of the occurrence of an Event of Default hereunder.

**Section 8.2 Conditions to Early Termination of Leaseback Agreement.**

In the event the Company exercises its option to terminate this Leaseback Agreement in accordance with the provisions of Section 8.1 hereof, the Company shall make the following payments:

(a) To the Agency or the Taxing Authorities (as such term is defined in the PILOT Agreement), as appropriate pursuant to the terms of the PILOT Agreement and in the event there is no Agreement Allocating PILOT Payments in effect: all amounts due and payable under the PILOT Agreement as of the date of the conveyance described in Section 8.3 hereof.

(b) To the Agency pursuant to the terms of the PILOT Agreement and in the event the Agreement Allocating PILOT Payments is in effect: all amounts that would be due and payable under the PILOT Agreement if the PILOT Agreement were in effect for the full Lease Term, to be deposited by the Agency into the New Hartford Business Park PILOT Payments Fund (as said term is defined in the Agreement Allocating PILOT Payments).

(c) To the Agency: an amount certified by the Agency sufficient to pay all unpaid fees and expenses of the Agency incurred under the Agency Documents.

(d) To the Agency pursuant to the terms of the Jobs Creation Agreement: an amount equal to the Initial Benefit (as said term is defined in the Jobs Creation Agreement).

**Section 8.3 Conveyance on Termination.**

Upon termination or expiration of the Lease Term, in accordance with Sections 2.5 or 8.1 hereof, the Agency shall deliver to the Company all necessary documents (i) to terminate the Agency's leasehold interest in and to the Property, as such Property exists, subject only to the following: (A) any Liens to which title to such Property was subject when the leasehold interest was conveyed to the Agency, (B) any Liens created at the request of the Company, to the creation of which the Company consented or

in the creation of which the Company acquiesced, (C) any Permitted Encumbrances and (D) any Liens resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Leaseback Agreement or arising out of an Event of Default hereunder, and (ii) to release and convey to the Company all of the Agency's rights and interest in and to any rights of action or any Net Proceeds of insurance or Condemnation awards with respect to the Facility (but not including any Unassigned Rights). Upon the termination of the Agency's leasehold interest pursuant to this Article VIII, all Agency Documents shall terminate.

## ARTICLE IX

### MISCELLANEOUS

#### Section 9.1 Notices.

All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when delivered and, if delivered by mail, shall be sent by certified mail, postage prepaid, addressed as follows:

To the Agency:                   Oneida County Industrial Development Agency  
584 Phoenix Drive  
Rome, New York 13441  
Attn.: Chairman

With a Copy To:               Bond, Schoeneck & King, PLLC  
501 Main Street  
Utica, New York 13501  
Attn.: Linda E. Romano, Esq.

To the Company:               LT Group, LLC  
6007 Fair Lakes Road, Suite 100  
East Syracuse NY 13057  
Attn.: Lawrence R. Adler, Member

With a Copy To:               Carol A. Zenzel, PLLC  
2507 James Street  
Syracuse NY 13206

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



**Section 9.2 Binding Effect.**

This Leaseback Agreement shall inure to the benefit of and shall be binding upon the parties and their respective successors and assigns.

**Section 9.3 Severability.**

In the event any provision of this Leaseback Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 9.4 Amendments, Changes and Modifications.**

This Leaseback Agreement may not be amended, changed, modified, altered or terminated except in a writing executed by the parties hereto.

**Section 9.5 Execution of Counterparts.**

This Leaseback 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. Only possession of the counterpart marked "Secured Party's Original" shall be effective to perfect the rights of any holder of the Leaseback Agreement as counterparts shall be marked "Duplicate" and no security interest therein can be created except by possession of the "Secured Party's Original" counterpart.

**Section 9.6 Applicable Law.**

This Leaseback Agreement shall be governed exclusively by the applicable laws of the State without regard or reference to its conflict of laws principles.

**Section 9.7 List of Additional Equipment; Further Assurances.**

(a) Upon the Completion Date with respect to the Facility and the installation of all of the Equipment therein, the Company shall prepare and deliver to the Agency a schedule listing all of the Equipment not previously described in this Leaseback Agreement. If requested by the Agency, the Company shall thereafter furnish to the Agency within sixty (60) days after the end of each calendar year, a schedule listing all of the Equipment not theretofore previously described herein or in the aforesaid schedule.

(b) The Agency and the Company shall execute and deliver all instruments and shall furnish all information necessary or appropriate to perfect or protect any security interest created or contemplated by this Leaseback Agreement.

**Section 9.8 Survival of Obligations.**

This Leaseback Agreement shall survive the performance of the obligations of the Company to make payments hereunder and all indemnities shall survive the foregoing and any termination or expiration of this Leaseback Agreement.

**Section 9.9 Table of Contents and Section Headings not Controlling.**

The Table of Contents and the headings of the several Sections in this Leaseback Agreement have been prepared for convenience of reference only and shall not control or affect the meaning of or be taken as an interpretation of any provision of this Leaseback Agreement.

**Section 9.10 No Broker.**

Agency and Company represent and warrant to the other that neither Agency nor Company has dealt with any broker or finder entitled to any commission, fee, or other compensation by reason of the execution of this Leaseback Agreement, and each party agrees to indemnify and hold the other harmless from any charge, liability or expense (including attorneys' fees) the other may suffer, sustain, or incur with respect to any claim for a commission, fee or other compensation by a broker or finder claiming by, through or under the other party.

**Section 9.11 Recording and Filing.**

This Leaseback Agreement or a memorandum thereof, shall be recorded or filed, as the case may be, in the Office of the Clerk of Oneida County, New York, or in such other office as may at the time be provided by law as the property place for the recordation or filing thereof.

**Section 9.12 Definitions.**

All capitalized terms used in this Leaseback Agreement and not otherwise defined shall have the meanings assigned thereto in the Schedule of Definitions attached hereto as Schedule A.

[signature page follows]

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

LT GROUP, LLC

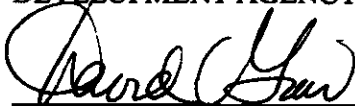
By:



Lawrence R. Adler  
Member

ONEIDA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By:



David C. Grow  
Chairman

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

On the 20<sup>th</sup> day of September 2011 before me, the undersigned a notary public in and for said state, personally appeared **Lawrence R. Adler**, 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 ONEIDA )

CAROL A. ZENZEL  
Notary Public, State of New York  
Queens County, No. 4947349  
Commission Expires Feb. 21, 20 12

On the 19th day of September 2011 before me, the undersigned a notary public in and for said state, personally appeared **David C. Grow**, 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

**LAURA S. RUBERTO**  
Notary Public, State of New York  
Appointed in Oneida County  
Reg. No. 01RU5031396  
Commission Expires August 1, 2014

EXHIBIT A

ALL THAT TRACT OR PARCEL OF LAND SITUATE IN THE TOWN OF NEW HARTFORD, COUNTY OF ONEIDA AND STATE OF NEW YORK, BEING PART OF LOT NUMBER 66 IN THE SEVENTH DIVISION OF COXE'S PATENT, BOUNDED AND DESCRIBED AS FOLLOWS:

**Beginning** at an iron rod on the westerly boundary of Ryan Companies US, Inc. (Now or Formerly), as described in a Bargain and Sale Deed dated November 16, 2007 and filed in the Oneida County Clerks Office in Instrument Number 2007-023971, said iron rod standing at the intersection of the westerly boundary of Ryan Companies US, Inc. with the northerly highway boundary of Woods Park Drive, as conveyed to The Town of New Hartford by Warranty Deed dated October 17, 2008 and filed in the Oneida County Clerk's Office in Instrument Number 2008-021004; thence  $N08^{\circ}15'01''W$  561.45 feet along the westerly boundary of Ryan Companies US, Inc. to an iron rod standing on the southerly highway boundary of Judd Road Connector (Judd Road Extension) (Stanwix – Utica, Pt. 1) (New York State Route 840); thence  $S85^{\circ}53'21''W$  13.16 feet along the southerly highway boundary of Judd Road Connector (Judd Road Extension) (Stanwix – Utica, Pt. 1) (New York State Route 840) to an iron rod; thence  $N76^{\circ}22'45''W$  296.72 feet continuing along the southerly highway boundary of Judd Road Connector (Judd Road Extension) (Stanwix – Utica, Pt. 1) (New York State Route 840) to an iron rod; thence  $S07^{\circ}04'32''E$  396.32 feet to an iron rod; thence  $S23^{\circ}36'54''E$  106.96 feet to an iron rod; thence  $N82^{\circ}55'28''E$  132.98 feet to an iron rod; thence  $S65^{\circ}08'24''E$  26.51 feet to an iron rod; thence  $S06^{\circ}43'07''E$  149.82 feet to an iron rod standing on the northerly highway boundary of Woods Park Drive and on a curve to the left; thence easterly 105.14 feet along said aforementioned curve to the left on the northerly highway boundary of Woods Park Drive with a radius of 1028.51 feet and a delta angle of  $05^{\circ}51'25''$  to a point; thence  $N82^{\circ}20'59''E$  12.23 feet continuing along the northerly highway boundary of Woods Park Drive to the point and place of beginning.

The above described parcel containing 3.409 acres (148,475.1 sq.ft.) of land, more or less.

Subject to a permanent right of way and easement granted to the Niagara Mohawk Power Corporation by deed dated January 29, 1952 and filed in the Oneida County Clerk's Office in Liber 1352 of Deeds at Page 1, to which deed reference is made for certainty of terms and conditions.

Also subject to any other easements, covenants or restrictions of record.

**EXHIBIT B**

**EQUIPMENT**

**All fixtures, building materials and items of personal property acquired, constructed and installed and/or to be acquired, constructed and installed in connection with the completion of the LT Group, LLC Facility located in the Town of New Hartford, Oneida County, New York.**

## SCHEDULE A

### SCHEDULE OF DEFINITIONS

"Act" means, collectively, Title 1 of Article 18-A of the General Municipal Law of the State enacted into law as Chapter 1030 of the Laws of 1969 of the State, as amended together with Chapter 372 of the Laws of 1970 of the State, as amended.

"Agency" means the (i) Oneida County Industrial Development Agency, its successors and assigns, and (ii) any local governmental body resulting from or surviving any consolidation or merger to which the Agency or its successors may be a party.

"Agency Documents" means the Lease Agreement, the Leaseback Agreement, the PILOT Agreement, the Agreement Allocating PILOT Payments, the Environmental Compliance and Indemnification Agreement, the Mortgage and the Assignment.

"Agreement Allocating PILOT Payments" means the Agreement Allocating PILOT Payments to be entered into by and among the Agency, the County of Oneida, the Town of New Hartford and the New Hartford Central School District with respect to the Facility.

"Assignment" means the Assignment of Leases and Rents dated on or about September 20, 2011 from the Agency and the Company to the Bank, as the same may be amended from time to time.

"Authorized Representative" means, in the case of the Agency, the Chairman, Vice Chairman, Secretary, Assistant Secretary or Executive Director of the Agency; in the case of the Company, the Member; and in the case of both, such additional persons as, at the time, are 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 (i) the Agency by the Chairman, Vice Chairman, Secretary, Assistant Secretary or Executive Director of the Agency, (ii) the Company by Lawrence R. Adler.

"Authorizing Resolution" means the resolutions adopted by the Agency on the 21<sup>st</sup> day of July 2011 and on the 12<sup>th</sup> day of August 2011 authorizing the execution and delivery of the Agency Documents as such resolutions may be amended and supplemented from time to time.

"Bank" means NBT Bank, National Association, and its successors and assigns.

"Business Day" means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions in New York, New York are authorized by law or executive order to remain closed.

"Closing Date" means the date of delivery of the Deed.

"Company" means LT Group, LLC, a New York limited liability company with an address of 6007 Fair Lakes Road, Suite 100, East Syracuse, New York 13057, and its successors and assigns.

**"Company Documents"** means the Lease Agreement, the Leaseback Agreement, the Environmental Compliance and Indemnification Agreement, the PILOT Agreement, the Jobs Creation Agreement, the Agreement Allocating PILOT Payments, the Mortgage and the Assignment.

**"Completion Date"** means the date of completion of the Facility.

**"Condemnation"** means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any governmental entity or other Person acting under governmental authority.

**"Construction Period"** means the period (a) beginning on the earlier of (i) the date of commencement of construction, renovation and equipping of the Facility, which date shall not be prior to April 15, 2011, or (ii) the Closing Date and (b) ending on the Completion Date.

**"Deed"** means the Deed dated on or about September 20, 2011 from New Hartford Office Group, LLC to LT Group, LLC.

**"Environmental Compliance and Indemnification Agreement"** means the Environmental Compliance and Indemnification Agreement dated September 1, 2011 by and among the Agency, the Bank and the Company, as the same may be amended from time to time.

**"Equipment"** means all machinery, equipment and other personal property used and to be used in connection with the construction and equipping of the Facility as described in Exhibit B to the Leaseback Agreement.

**"Event of Default"** means any of the events defined as Events of Default by Section 7.1 of the Leaseback Agreement.

**"Facility"** means the Land, the Improvements and the Equipment leased to the Company under the Leaseback Agreement.

**"Facility Services"** means all services necessary for the acquisition, construction and equipping of the Facility.

**"Hazardous Substance"** means, without limitation, any flammable explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum and petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials as defined 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. Section 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), Articles 15 and 27 of the New York State Environmental Conservation Law or any other applicable Environmental Law and the regulations promulgated thereunder.

**"Improvements"** means all those buildings, improvements, structures and other related facilities (i) affixed or attached to the Land and (ii) not part of the Equipment, all as they may exist from time to time.



**"Independent Counsel"** means an attorney or attorneys or firm or firms of attorneys duly admitted to practice law before the highest court of any state of the United States of America or in the District of Columbia and not a full time employee of the Agency or the Company.

**"Jobs Creation Agreement"** means that Jobs Creation Agreement executed by the Company dated as of September 1, 2011, as the same may be amended from time to time.

**"Land"** means the property leased by the Agency to the Company pursuant to the Leaseback Agreement and more particularly described in Exhibit A attached thereto.

**"Lease Agreement"** means the Lease Agreement dated as of September 1, 2011 by and between the Company, as lessor, and the Agency, as lessee, with respect to the Facility, as the same may be amended from time to time.

**"Lease Term"** means the duration of the leasehold estate created in the Lease Agreement as specified in Section 3 of the Lease Agreement and shall be coterminous with the term of the Leaseback Agreement.

**"Leaseback Agreement"** means the Leaseback Agreement dated as of September 1, 2011 by and between the Agency, as lessor, and the Company, as lessee, with respect to the Facility, as the same may be amended from time to time.

**"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, the security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" includes reservation, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including but not limited to mechanics', materialman's, warehousemen's, carriers' and other similar encumbrances, affecting real property. For the purposes of this definition, a Person shall be deemed to be the owner of any Property which 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.

**"Mortgage"** means the Mortgage dated on or about September 20, 2011 from the Agency and the Company to the Bank, as the same may be amended from time to time.

**"Permitted Encumbrances"** means (i) exceptions to title set forth in the Title Report, (ii) the Leaseback Agreement, (iii) utility, access and other easements and rights-of-way, restrictions and exceptions that do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (iv) mechanics', materialmen's, warehousemen's, carriers' and other similar Liens which are approved in writing by the Agency or its Counsel, and (v) Liens for taxes not yet delinquent.

**"Person" or "Persons"** means an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision or branch thereof.

**"PILOT Agreement"** means the Payment-in-Lieu-of-Tax Agreement dated as of September 1, 2011 between the Company and the Agency, as amended from time to time.

**"Plans and Specifications"** means the plans and specifications for the Improvements, prepared for the Company and approved by the Agency, as revised from time to time in accordance with the Leaseback Agreement.

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

**"Public Purposes"** shall mean the State's objective to create industrial development agencies for the benefit of the several counties, cities, villages and towns in the State and to empower such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and sell land and any building or other improvement, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, recreation or industrial facilities, including industrial pollution control facilities, in order to advance job opportunities, health, general prosperity and the economic welfare of the people of the State and to improve their standard of living.

**"Schedule of Definitions"** means the words and terms set forth in this Schedule of Definitions attached to the Leaseback Agreement, as the same may be amended from time to time.

**"SEOR Act"** means the State Environmental Quality Review Act and the regulations thereunder.

**"State"** means the State of New York.

**"Substitute Facilities"** means facilities of substantially the same nature as the proposed Facility.

**"Transaction Counsel"** means the law firm of Bond, Schoeneck & King, PLLC.

**"Transaction Documents"** means the Agency Documents and the Company Documents.

**"Unassigned Rights"** means the rights of the Agency and moneys payable pursuant to and under Sections 2.6(b), 3.4(b) and (c), 3.7, 5.2, 5.8, 7.2(a)(v), 7.2(a)(vii), 7.4(a) and 8.2(b) of the Leaseback Agreement.

**EXHIBIT B**

**MAP OF NEW HARTFORD BUSINESS PARK**



**EXHIBIT C**

**TOWN'S ESTIMATED DEBT SERVICE**

<b>Assessment Year</b>	<b>Debt Service Payment</b>
2012 – 2013	\$9,800.00
2013 – 2014	\$39,300.00
2014 – 2015	\$75,939.00
2015 – 2016	\$76,937.50
2017 – 2017	\$85,187.50
2017 – 2018	\$78,375.00
2018 – 2019	\$76,625.00
2019 – 2020	\$79,812.00
2020 – 2021	\$82,875.00
2021—2022	\$75,937.50

**EXHIBIT D**

**PILOT AGREEMENT**



NYS DEPARTMENT OF TAXATION & FINANCE  
OFFICE OF REAL PROPERTY TAX SERVICES

RP-412-a (1/95)

INDUSTRIAL DEVELOPMENT AGENCIES  
APPLICATION FOR REAL PROPERTY TAX EXEMPTION  
(Real Property Tax Law, Section 412-a and General Municipal Law, Section 874)

1. INDUSTRIAL DEVELOPMENT AGENCY (IDA)

Name Oneida County Industrial Development Agency  
Street 584 Phoenix Drive  
City Rome NY 13441  
Telephone no. Day (315) 338-0393  
Evening ( ) \_\_\_\_\_  
Contact Shawna M. Papale  
Title Executive Director

2. OCCUPANT (IF OTHER THAN IDA)

(If more than one occupant attach separate listing)

Name LT Group, LLC  
Street 6007 Fair Lakes Road, Suite 100  
City East Syracuse NY 13057  
Telephone no. Day ( 315) 362-8816  
Evening ( ) \_\_\_\_\_  
Contact Lawrence R. Adler  
Title Member

3. DESCRIPTION OF PARCEL

a. Assessment roll description (tax map no./roll year)  
328.000-3-7  
b. Street address 201 Woods Park Drive  
New Hartford Business Park  
c. City, Town or Village New Hartford

d. School District New Hartford CSD  
e. County Oneida  
f. Current assessment \$411,800 (78.5 acres)  
g. Deed to IDA (date recorded; liber and page)  
Memorandum of Lease recorded 9/20/2011  
Instrument No. R2011-000959

4. GENERAL DESCRIPTION OF PROPERTY (if necessary, attach plans or specifications)

a. Brief description (include property use) three-story 87-room Hampton Inn and Suites Hotel situated on 3.4± acres and public roadways to service the same  
b. Type of construction Wood frame  
c. Square footage 58,000±  
d. Total cost \$4,760,000  
e. Date construction commenced May 2011  
f. Projected expiration of exemption (i.e. date when property is no longer possessed, controlled, supervised or under the jurisdiction of IDA)  
December 31, 2022

5. SUMMARIZE AGREEMENT (IF ANY) AND METHOD TO BE USED FOR PAYMENTS TO BE MADE TO MUNICIPALITY REGARDLESS OF STATUTORY EXEMPTION

(Attach copy of the agreement or extract of the terms relating to the project).

a. Formula for payment Company will pay 100% of taxes during the term of the PILOT Agreement, to be allocated among the Taxing Authorities in accordance with an Agreement Allocating PILOT Payments to be entered into among the IDA, Oneida County, Town of New Hartford and New Hartford Central School District. See PILOT Agreement attached hereto.  
b. Projected expiration date of agreement December 31, 2022

c. Municipal corporations to which payments will be made

	Yes	No
County _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Town/City _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Village _____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
School District _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>

d. Person or entity responsible for payment

Name LT Group, LLC  
 Title Lawrence Adler, Member  
 Address 6007 Fair Lakes Rd, Suite 100  
East Syracuse NY 13057

e. Is the IDA the owner of the property?  Yes  No (check one)

If "No" identify owner and explain IDA rights or interest in an attached statement.

Telephone 315-362-8816

6. Is the property receiving or has the property ever received any other exemption from real property taxation? (check one)  Yes  No

If yes, list the statutory exemption reference and assessment roll year on which granted: exemption \_\_\_\_\_ assessment roll year \_\_\_\_\_

7. A copy of this application, including all attachments, has been mailed or delivered on 9/21/11 (date) to the chief executive official of each municipality within which the project is located as indicated in Item 3.

**CERTIFICATION**

I, David C. Grow, Chairman \_\_\_\_\_ of \_\_\_\_\_

Name \_\_\_\_\_ Title \_\_\_\_\_  
Oneida County Industrial Development Agency hereby certify that the information  
Organization \_\_\_\_\_

on this application and accompanying papers constitutes a true statement of facts.

September 20, 2011  
Date

  
Signature

**FOR USE BY ASSESSOR**

1. Date application filed \_\_\_\_\_
2. Applicable taxable status date \_\_\_\_\_
- 3a. Agreement (or extract) date \_\_\_\_\_
- 3b. Projected exemption expiration (year) \_\_\_\_\_
4. Assessed valuation of parcel in first year of exemption \$ \_\_\_\_\_
5. Special assessments and special as valorem levies for which the parcel is liable:  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Assessor's signature



Transcript Document No. 4

LT GROUP, LLC

and

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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PAYMENT-IN-LIEU-OF-TAX AGREEMENT

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Oneida County Industrial Development Agency  
2011 Real Estate Lease  
(LT Group, LLC Facility)

Oneida County, Town of New Hartford, New Hartford Central School District

Tax Account Nos.: 328.000-3-7

## **PAYMENT-IN-LIEU-OF-TAX AGREEMENT**

**THIS AGREEMENT**, dated as of September 1, 2011, is by and between **LT GROUP, LLC**, a limited liability company duly organized and validly existing under the laws of the State of New York, having an address of 6007 Fair Lakes Road, Suite 100 East Syracuse, New York 13057 (the "Company") and **ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, an industrial development agency and a public benefit corporation of the State of New York having its principal office at 584 Phoenix Drive, Rome, New York 13441-4105 (the "Agency").

### **WITNESSETH:**

**WHEREAS**, the Agency is authorized and empowered by the provisions of Title 1 of Article 18-A of the General Municipal Law, Chapter 99 of the Consolidated Laws of New York, as amended, (the "Enabling Act"), and Chapter 372 of the Laws of 1970 of the State of New York, as amended, constituting Section 901 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of, among others, industrial facilities for the purpose of promoting, attracting and developing economically sound commerce and industry in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

**WHEREAS**, the Company desires to construct a three-story, 58,000-square foot, 87-room Hampton Inn Suite and Hotel and public roadways and utility infrastructure to service the same (collectively, the "Improvements") on a certain 3.4± acre parcel of land situated at 201 Woods Park Drive, New Hartford Business Park in the Town of New Hartford, Oneida County, New York (the "Land"), and acquire and install in the Improvements certain machinery and equipment (the "Equipment") (the Land, the Improvements and the Equipment being collectively referred to as the "Facility"), all to be used by the Company in connection with providing quality hotel facilities to service the New Hartford Office Park and surrounding area; and

**WHEREAS**, in order to induce the Company to develop the Facility, the Agency is willing to take a leasehold interest in the land and the personal property and improvements constituting the Facility and lease said land, improvements and personal property the Company pursuant to the terms and conditions of a Leaseback Agreement dated on or about the date hereof (the "Leaseback Agreement"); and

**WHEREAS**, the Agency has agreed to accept a leasehold interest to the Facility in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

**WHEREAS**, the Facility will be exempt from real property taxes, general property taxes, general school district taxes, general assessments, service charges or other governmental charges of a similar nature levied and/or assessed upon the Facility or the interest therein of the Company or the

occupancy thereof by the Company commencing March 1, 2012, the taxable status date, (the "Exempt Taxes"), because the Agency has a leasehold or other interest in the Facility and the Facility is, or will be, used for a purpose within the meaning of the applicable Constitutional and statutory provisions, including the Enabling Act, provided, however, such exemption will not extend to special assessments or ad valorem levies; and

WHEREAS, the Company understands that it, as lessee of the Facility leased by the Agency, will, in fact, have no Exempt Taxes to pay under the provisions of the Leaseback Agreement from March 1, 2012 through the term of the Leaseback Agreement (the "Exemption Term"); and

WHEREAS, each year of the Exemption Term is more particularly set forth on Schedule B attached hereto and made a part hereof, and each year shall be defined as an "Exemption Year;" and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provision for payments-in-lieu-of-taxes and such assessments that would otherwise be paid by the Company to the Town of New Hartford, Oneida County, New Hartford Central School District and appropriate special districts (hereinafter each a "Taxing Authority" and collectively the "Taxing Authorities"); and

WHEREAS, in accordance with and pursuant to the authority set forth in Section 858 (15) of the General Municipal Law, the Agency and the Taxing Authorities intend to enter into an Agreement Allocating PILOT Payments (the "Agreement Allocating PILOT Payments") that dictates the allocation of the PILOT Payments received by the Agency (and the interest income generated thereby, if any) among the Taxing Authorities; and

WHEREAS, all defined terms herein as indicated by the capitalization of the first letter thereof and not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Leaseback Agreement.

NOW, THEREFORE, to provide for certain payments to the Taxing Authorities, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The Company shall pay to each Taxing Authority at the addresses set forth on Schedule A attached hereto:

(a) all taxes that are due with respect to the Facility prior to the Exemption Term, no later than the last day during which such payments may be made without penalty; and

(b) all special assessments and ad valorem taxes coming due and payable during the term of the Leaseback Agreement for which the Facility is not exempt, no later than the last day during which such payments may be made without penalty.

2. The Company shall pay to the Agency an amount in lieu of the Exempt Taxes (the "PILOT Payments") equal to one hundred percent (100%) of the Exempt Taxes during each Exemption

Year. The "Exempt Taxes" shall be deemed to include any tax benefits under Section 485(b) of the New York State Real Property Tax Law, if any, which the Company may be entitled to receive. The Agency shall promptly deposit the PILOT Payments in accordance with the instructions set forth in the Agreement Allocating PILOT Payments or, in the absence of an Agreement Allocating PILOT Payments, shall promptly deliver the PILOT Payments to the Taxing Authorities in the same allocation that the Exempt Taxes would be allocated if there were no PILOT Agreement in place.

Anything herein to the contrary, notwithstanding, this Agreement shall terminate on the date on which the Leaseback Agreement shall terminate and the Agency shall terminate its leasehold interest in the Facility pursuant to the Leaseback Agreement. In the event of an early termination of the Leaseback Agreement for any reason, all PILOT Payments due hereunder for the full Lease Term shall immediately become due and payable.

Anything herein to the contrary, notwithstanding, upon the failure of the Company in making any payment when due hereunder and upon failure to cure such default within thirty (30) days of receipt of notice as herein provided, the Company shall henceforth pay as PILOT Payments one hundred (100%) percent of the Exempt Taxes together with interest at the rate of nine (9%) percent per annum on any delinquent PILOT Payments together with expenses of collection, including but not limited to, payment of attorneys' fees; provided, however, nothing herein contained shall be deemed to limit any other rights and remedies the Agency may have hereunder or under any other Transaction Document.

Anything herein to the contrary, notwithstanding, upon the failure of the parties to enter into the Agreement Allocating PILOT Payments within ninety (90) days of the Closing Date (as said term is defined in the Leaseback Agreement), this Agreement shall terminate and the Agency shall terminate its leasehold interest in the Facility pursuant to the Leaseback Agreement.

3. The Company will make PILOT Payments hereunder for each Exemption Year by making the required payment to the Agency no later than the last day during which such Exempt Taxes could otherwise be made without penalty as if Agency did not have a leasehold or other interest in the Facility.

4. The PILOT Payments to be made by the Company pursuant to this Agreement are intended to be in lieu of all Exempt Taxes that would have to be paid on the Facility leased to the Company by the Leaseback Agreement if the Agency did not have a leasehold or other interest in the Facility.

5. If by reason of a change in the Constitution or laws of the State of New York, or an interpretation of the Constitution or the laws of the State of New York by the Court of Appeals (or such lower court from which the time to appeal has expired) of the State of New York, or for any other reason, the Company is required to pay any tax which the payments specified herein are intended to be in lieu of, the Company may deduct the aggregate of any such payments made by it from the amount herein agreed to be paid in lieu of such taxes and need only pay the difference. Furthermore, inasmuch as the PILOT Payments herein agreed to be made by the Company are intended to be in lieu of all Exempt Taxes, it is agreed that said payments shall not, as to any Exemption Year, be in an amount greater than would be

payable for such year for such Exempt Taxes, in the aggregate, by a private corporation on account of its ownership of the Facility.

6. This Agreement shall be binding upon the successors and assigns of the parties.

7. It is the intent of the parties that the Company will have all the rights and remedies of a taxpayer with respect to any real property or other tax, service charge, special benefit, ad valorem levy, assessment or special assessment or service charge because of which, or in lieu of which, the Company is obligated to make a payment hereunder, as if and to the same extent as if the Company were the owner of the Facility. It is the further intent of the parties that the Company will have all of the rights and remedies of a taxpayer as if and to the same extent as if the Company were the owner of the Facility with respect to any proposed assessment or change in assessment concerning the property, or any portion thereof, whether through an assessor, board of assessment review, court of law, or otherwise and likewise will be entitled to protest before and be heard by such assessor, board of assessment review, court of law or otherwise and will be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment or the validity or amount of any taxes that would have been payable but for the provisions hereof. In the event, however, that a court of competent jurisdiction shall enter an order or judgment determining or declaring that, by reason of the Agency's ownership of the Facility, the Company does not have the right to bring a proceeding to review such assessment under the Real Property Tax Law or any other law, then the Company shall have the right to contest such assessment in the name and as the agent of the Agency, and the Agency agrees to cooperate with the Company in all respects in any such proceeding at the sole cost and expense of the Company. Notwithstanding anything herein to the contrary, for so long as this Agreement is in effect, the Company hereby unconditionally and irrevocably waives its right, if any, to apply for and/or receive the benefit of any other real property tax exemption with respect to the Facility, including, without limitation, any real property tax exemption that may be available under Section 485-b and Section 485-e of the Real Property Tax Law.

8. All amounts payable by the Company hereunder will be paid to the Agency and will be payable in such lawful money of the United States of America as at the time of payment is legal tender for the payment of public and private debts, including a check payable in such money.

9. (a) If any term or provision hereof should be for any reason held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such term or provision will be deemed separate and independent and the remainder hereof will remain in full force and effect and will not be invalidated, impaired or otherwise affected by such holding or adjudication.

(b) This Agreement may not be effectively amended, changed, modified, altered or terminated except by an instrument in writing executed by the parties hereto.

(c) All notices, certificates or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, to the Agency or the Company, as the case may be, addressed as follows:

If to the Agency:  
Oneida County Industrial Development Agency  
584 Phoenix Drive  
Rome, New York 13441  
Attn.: Chairman

With a Copy to:  
Bond, Schoeneck & King, PLLC  
501 Main Street  
Utica NY 13501  
Attn.: Linda E. Romano, Esq.

If to the Company:  
LT Group, LLC  
6007 Fair Lakes Road, Suite 100  
East Syracuse, New York 13057  
Attn.: Lawrence R. Adler, Member

With a Copy to:  
Carol A. Zenzel, PLLC  
2507 James Street  
Syracuse NY 13206

provided, that the Agency or the Company may, by notice given hereunder to the other, designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent.

(e) This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

10. Notwithstanding anything to the contrary herein contained, the Company shall not assign its rights or delegate its duties or obligations under this Agreement without the prior written consent of the Agency, which consent shall not be unreasonably withheld, conditioned or delayed. The Agency shall have the right to assign this Agreement to any person or entity. The Agency shall notify the Company of any assignment and send a copy of the assignment agreement to the Company.

11. This Agreement shall remain in effect and the Company shall make PILOT Payments to the Agency in accordance with the provisions hereof until such time as the Facility is placed on the tax roll as a non-exempt property and Exempt Taxes first become due and payable.

12. Notwithstanding anything to the contrary contained herein, this Agreement shall survive until the performance of the obligations of the Company to make payments hereunder have been paid or otherwise satisfied.

IN WITNESS WHEREOF, the parties have executed this PILOT Agreement as of the date first above written.

LT GROUP, LLC

By:

  
Lawrence R. Adler  
Member

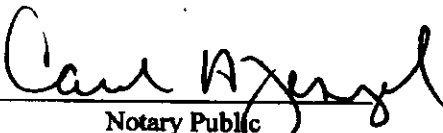
ONEIDA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By:

  
David C. Grow  
Chairman

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

On the 20<sup>th</sup> day of September 2011 before me, the undersigned a notary public in and for said state, personally appeared **Lawrence R. Adler**, 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

CAROL A. ZENZEL  
Notary Public, State of New York  
Qualified in Onondaga County, No. 4947349  
Commission Expires Feb. 21, 20 13

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

On the 19th day of September 2011 before me, the undersigned a notary public in and for said state, personally appeared **David C. Grow**, 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

LAURA S. RUBERTO  
Notary Public, State of New York  
Appointed in Oneida County  
Reg. No. 01RU5031396  
Commission Expires August 1, 2014



**SCHEDULE A**

**COUNTY OF ONEIDA  
Receiver of Taxes  
800 Park Avenue  
Utica, New York 13501**

**TOWN OF NEW HARTFORD  
Hilarie C. Elefante, Receiver of Taxes  
Butler Hall  
48 Genesee Street  
New Hartford, New York 13413**

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
Hilarie C. Elefante, Receiver of Taxes  
Butler Hall  
48 Genesee Street  
New Hartford, New York 13413**

**SCHEDULE B**

**EXEMPTION YEARS**

<b>Exemption Year</b>	<b>Town and County Taxes</b>	<b>School Taxes</b>
Year One	January 1, 2013 – December 31, 2013	July 1, 2012 – June 30, 2013
Year Two	January 1, 2014 – December 31, 2014	July 1, 2013 – June 30, 2014
Year Three	January 1, 2015 – December 31, 2015	July 1, 2014 – June 30, 2015
Year Four	January 1, 2016 – December 31, 2016	July 1, 2015 – June 30, 2016
Year Five	January 1, 2017 – December 31, 2017	July 1, 2016 – June 30, 2017
Year Six	January 1, 2018 – December 31, 2018	July 1, 2017 – June 30, 2018
Year Seven	January 1, 2019 – December 31, 2019	July 1, 2018 – June 30, 2019
Year Eight	January 1, 2020 – December 31, 2020	July 1, 2019 – June 30, 2020
Year Nine	January 1, 2021 – December 31, 2021	July 1, 2020 – June 30, 2021
Year Ten	January 1, 2022 – December 31, 2022	July 1, 2021 – June 30, 2022

**EXHIBIT E**

**FORM OF ACCOUNTING FOR DISTRIBUTION OF PILOT PAYMENTS**

Allocation based upon respective percentages

<b>Tax Year</b>	<b>Assessment</b>	<b>PILOT Payment</b>	<b>Actual Debt Service</b>	<b>Amount remaining from PILOT after debt service payment</b>			
2011-12	\$2,392,000	\$89,072.78	\$9,625.00	\$79,447.78	\$55,970.96	\$17,264.00	\$6,212.82
2012-13	\$2,392,000	\$89,072.78	\$84,306.00	\$4,766.78	\$3,358.20	\$1,035.82	\$372.76

\* - The above numbers are estimated figures used to display the format for accounting of the distribution of PILOT funds. The calculation of actual PILOT payment amounts will be based upon the annual assessed value of the property. The debt service payment amount is subject to verification by the Town.

## EXHIBIT F

### ESTIMATED PILOT PAYMENTS

<b>Assessment Year</b>	<b>Assessment</b>	<b>Total PILOT</b>
2012 – 2013	\$2,455,000	\$93,009.99
2013 – 2014	\$2,455,000	TBD based upon tax rate
2014 – 2015	\$2,455,000	TBA based upon tax rate
2015 – 2016	\$2,455,000	TBA based upon tax rate
2017 – 2017	\$2,455,000	TBA based upon tax rate
2017 – 2018	\$2,455,000	TBA based upon tax rate
2018 – 2019	\$2,455,000	TBA based upon tax rate
2019 – 2020	\$2,455,000	TBA based upon tax rate
2020 – 2021	\$2,455,000	TBA based upon tax rate
2021—2022	\$2,455,000	TBA based upon tax rate