

J. KING REALTY, INC.

and

TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY

LEASE AGREEMENT

Dated as of October 11, 2016

TABLE OF CONTENTS

	Page
ARTICLE I. DEFINITIONS.....	3
ARTICLE II. TRANSFER OF LEASEHOLD INTEREST IN LAND AND BUILDING; REPRESENTATION REGARDING PROJECT.....	6
Section 2.1 Leasehold Interest in Land and Building	6
Section 2.2 Representation Regarding Project.....	6
Section 2.3 No Representation or Warranty of Existing Equipment by the Agency	6
ARTICLE III. ACQUISITION OF LEASEHOLD INTEREST IN THE LAND AND BUILDING AND RECONSTRUCTION AND EQUIPPING OF THE BUILDING BY THE COMPANY, AS AGENT OF THE AGENCY; SUBLEASE OF PROJECT TO COMPANY BY THE AGENCY; POSSESSIONS AND QUIET ENJOYMENT	7
Section 3.1 Construction and Equipping of the Building by the Company, as Agent of the Agency	7
Section 3.2 Sublease of Project to the Company by the Agency	8
Section 3.3 Possessions and Quiet Enjoyment	8
Section 3.4 Contracts	9
ARTICLE IV. MAINTENANCE AND OPERATION OF PROJECT; INSURANCE; PAYMENT OF TAXES, ASSESSMENTS AND UTILITY CHARGES	10
Section 4.1 Maintenance and Operation of Project by the Company	10
Section 4.2 Insurance	10
Section 4.3 Taxes, Assessments and Utility Charges	11
ARTICLE V. DAMAGE, DESTRUCTION OR CONDEMNATION	12
Section 5.1 Damage or Destruction of Project.....	12
Section 5.2 Condemnation of Project	12
ARTICLE VI. SPECIAL COVENANTS	13
Section 6.1 No Warranty of Condition or Suitability by the Agency	13
Section 6.2 Hold Harmless Provisions and Special Environmental Agreement.....	13
Section 6.3 Payment of Expenses by the Company.....	15
Section 6.4 Right to Inspect the Project.....	15
Section 6.5 Agreement to Provide Information	15

TABLE OF CONTENTS

(continued)

	Page
Section 6.6 Books of Record and Account; Financial Statements.....	16
Section 6.7 Compliance With Orders, Ordinances, Etc.....	16
Section 6.8 The Company to Maintain Its Legal Existence; Conditions Under Which Exceptions Permitted.....	16
Section 6.9 Employment Opportunities, Notice of Jobs.....	16
Section 6.10 Further Assurances.....	17
Section 6.11 Agreement to Pay Attorneys' Fees and Expenses	17
Section 6.12 No Additional Waiver Implied by One Waiver	17
Section 6.13 Waiver of Jury Trial.....	17
Section 6.14 Obligations of the Company Hereunder Unconditional; No Release of Obligations of Agency	17
Section 6.15 Recapture of Agency Benefits	18
Section 6.16 Sales Tax.....	20
ARTICLE VII. ASSIGNMENT AND RESTRICTION ON LEASE OF PROJECT.....	21
Section 7.1 Assignment and Restriction on Lease of Project	21
ARTICLE VIII. EVENTS OF DEFAULT AND REMEDIES	22
Section 8.1 Events of Default Defined	22
Section 8.2 Remedies on Default.....	22
Section 8.3 Remedies Cumulative	22
Section 8.4 Agreement to Pay Attorneys' Fees and Expenses	23
Section 8.5 No Additional Waiver Implied by One Waiver	23
Section 8.6 Certificate of No Default	23
ARTICLE IX. TERMINATION OF LEASE AGREEMENT AND GROUND LEASE	24
Section 9.1 Termination of Lease Agreement and Ground Lease	24
ARTICLE X. MISCELLANEOUS	26
Section 10.1 Notices	26
Section 10.2 Binding Effect.....	26
Section 10.3 Severability	27
Section 10.4 Execution of Counterparts	27

TABLE OF CONTENTS
(continued)

	Page
Section 10.5 Applicable Law	27
Section 10.6 Recording and Filing.....	27
Section 10.7 Liability Limited	27
Section 10.8 Table of Contents and Section Headings not Controlling	27
Section 10.9 Estoppel Certificates	27

THIS LEASE AGREEMENT, dated as of October 11, 2016 (the "Lease Agreement"), by and between J. KING REALTY, INC., a corporation (the "Company") qualified to do business in the State of New York, and the TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY, an industrial development agency and a public benefit corporation of the State of New York (the "Agency").

W I T N E S S E T H :

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

WHEREAS, the Enabling Act authorizes the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and sell land and any building or other improvement, and all real and personal properties, including, but not limited to, machinery, equipment and other facilities deemed necessary or desirable in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, civic, commercial or industrial purposes or certain other purposes, 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; provided, however, that no industrial development agency may provide "financial assistance", as defined in the Enabling Act ("Financial Assistance"), in respect of any "project", as defined in the Enabling Act, that will result in the removal of an industrial or manufacturing plant of the project occupant from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the project occupation located within the State (as established by Section 862 of the Enabling Act); and

WHEREAS, the Enabling Act further authorizes each such agency to lease any or all of any "project" on such terms and conditions as it deems advisable; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act, the Agency was created for the benefit of the Town of Riverhead, Suffolk County, New York (the "Town") and the inhabitants thereof by Chapter 624 of the Laws of 1980 (the "Agency Act") (together with the Enabling Act, the "Act"); and

WHEREAS, the Company has made application to the Agency for Financial Assistance with respect to the construction and equipping of a cider manufacturing, bottling and tourism facility initially estimated to occupy 25,000 sf of total 108,178 sf of building located at 2711 Sound Avenue, Calverton, New York, SCTM #0600-041.000-0002-003.001 with anticipated expansion (the "Facility"). The project will include renovation of existing space and equipping of space to provide for a cider manufacturing plant, cider center, regional tourism center, and regional bottling facility including expenses in connection therewith, at an aggregate cost, including costs associated with the financing thereof, estimated to be \$6,115,000 (the "Project"); and

WHEREAS, the Agency, in accordance with the provisions of the State Environmental Quality Review Act ("SEQRA") has issued a "negative declaration" in accordance with SEQRA

with respect to the Agency's providing Financial Assistance to the Company and has determined that the Agency's providing such Financial Assistance to the Company will not result in any negative impacts upon the environment; and

WHEREAS, the Agency, by resolution duly adopted on May 2, 2016, after a public hearing was duly called, held and conducted pursuant to the Act, approved the providing of Financial Assistance to the Company for the Project; and

WHEREAS, the Company proposes to transfer a leasehold interest in the Land and the Building, upon the terms and conditions set forth in the Ground Lease (as defined herein), to the Agency, construct the Building, as agent of the Agency, acquire the Equipment and install the same in the Building, as agent of the Agency, and sublease the Project from the Agency, upon the terms and conditions set forth in this Lease Agreement; and

WHEREAS, the Agency desires to acquire a leasehold interest in the Land and the Building, upon the terms and conditions set forth in the Ground Lease, from the Company, cause the Company to construct the Building, as agent of the Agency, cause the Company to acquire the Equipment and install the same in the Building, as agent of the Agency, and sublease the Project to the Company, upon the terms and conditions set forth in this Lease Agreement;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows, to wit:

ARTICLE I.

DEFINITIONS

The following words and terms as used in this Lease Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

“Act” means, collectively, the Enabling Act and the Agency Act.

“Agency” means (i) the Town of Riverhead Industrial Development Agency and its successors and assigns, and (ii) any public benefit corporation or political subdivision resulting from or surviving any consolidation or merger to which the Agency or its successors may be a party.

“Agency Act” means Chapter 624 of the Laws of 1980, as amended from time to time.

“Agreement Term” means the period from the date of execution of this Lease Agreement to the earlier of either the date of termination of this Lease Agreement or the PILOT Agreement (as defined herein) or a date of termination mutually agreed upon by the parties.

“Building” means building to be renovated at 2711 Sound Avenue, Calverton, New York (S.C.T.M. 0600-041.00-02.00-003.001), as agent of the Agency, for its use as a cider manufacturing, bottling and tourism facility.

“Closing Date” means the date of delivery of this Lease Agreement.

“Company” means J. King Realty, Inc., a corporation qualified to do business in the State.

“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.

“Default” means any Event of Default under Article VIII hereof.

“Enabling Act” means Title 1 of Article 18-A of the General Municipal Law of the State, as amended from time to time.

“Equipment” means equipment to be purchased by the Company, on behalf of the Agency, and installed in the Building.

“Ground Lease” means a Ground Lease dated as of October 11, 2016 by and between the Company and the Agency.

“Guarantor” means the guarantor under the Guaranty.

“Guaranty” means a Guaranty dated as of October 11, 2016 from John J. King, Chief Executive Officer of J. King Realty, Inc. to the Agency, pursuant to which John J. King

guarantees to the Agency the full and prompt payment when due of certain amounts payable by the Company to the Agency with respect to the Project.

"Land" means the parcel of real property located at 2711 Sound Avenue, Calverton, New York in the Town of Riverhead, known as SCTM #0600-041.00-02.00-003.001 and more particularly described on Exhibit A hereto, and leased from the Company to the Agency pursuant to a Ground Lease, and subleased from the Agency to the Company, pursuant to this Lease Agreement.

"Lease Agreement" means this Lease Agreement, dated as of October 11, 2016 by and between the Agency and the Company, as 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 reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including but not limited to mechanics', materialmen's, warehousemen's, carriers' and other similar encumbrances, affecting real property. For the purposes of this Lease Agreement, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional lease 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 such mortgage(s) as shall have been recorded of record as of the date hereof on parcel located at 2711 Sound Avenue, Calverton, New York to which this Ground Lease is subordinate excepting PILOT obligations set forth in separate agreement which shall have the same priority as Real Property Taxes.

"Permitted Encumbrances" means (i) exceptions to title set forth in the Title Report, (ii) any Mortgage, (iii) the Lease Agreement, (iv) utility, access and other easements and rights-of-way, restrictions and exceptions that do not materially impair the utility or the value of the Project affected thereby for the purposes for which it is intended, (v) mechanics', materialmen's, warehousemen's, carriers' and other similar Liens and (vi) Liens for taxes not yet delinquent.

"Person" means an individual, partnership, corporation, association, joint venture, trust or unincorporated organization, or a government or any governmental agency, public benefit corporation or political subdivision.

"Project" means the Project defined in the preambles to this Lease Agreement, being, collectively, the Land, the Building and the Equipment.

"PILOT Agreement" means a Payment-in-Lieu of Taxes Agreement, dated as of October 11, 2016, by and between the Agency and the Company relating to the Project.

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

“State” means the State of New York.

“Title Report” means that certain title report delivered to the Agency from the Company concerning the Land.

“Town” means the Town of Riverhead, Suffolk County, New York.

ARTICLE II.

TRANSFER OF LEASEHOLD INTEREST IN LAND AND BUILDING; REPRESENTATION REGARDING PROJECT

Section 2.1 Leasehold Interest in Land and Building. The Company warrants and represents to the Agency that it has good and marketable title to the Land and the Building and that it has conveyed a leasehold interest in such good and marketable title to the Land and the Building to the Agency pursuant to the Ground Lease. The Company warrants and represents that the Land and the Building will be free of any Lien that would have the effect of impairing the use of the Project.

Section 2.2 Representation Regarding Project. The Company hereby represents and warrants to the Agency that completion of the Project will not result in the removal of an industrial or manufacturing plant of the project occupant from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the project occupation located within the State (as established by Section 862 of the Enabling Act).

Section 2.3 No Representation or Warranty of Existing Equipment by the Agency. The Agency makes no representation or warranty, either express or implied, to the Company as to the condition, title, design, merchantability or fitness of any and all equipment currently existing on or subsequently added to the Land or the Building.

ARTICLE III.

ACQUISITION OF LEASEHOLD INTEREST IN THE LAND AND BUILDING AND RECONSTRUCTION AND EQUIPPING OF THE BUILDING BY THE COMPANY, AS AGENT OF THE AGENCY; SUBLEASE OF PROJECT TO COMPANY BY THE AGENCY; POSSESSIONS AND QUIET ENJOYMENT

Section 3.1 Construction and Equipping of the Building by the Company, as Agent of the Agency. (a) In accordance with resolution of the Agency dated May 2, 2016, the Company is hereby appointed the true and lawful agent of the Agency, and the Company hereby accepts such agency appointment, to construct the Building pursuant to and in accordance with the building plans and specifications filed with and appertaining to any and all Town building permits or approvals applicable to the Project, to purchase and install the Equipment thereon, and to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agent of the Agency, in connection therewith, all with the same powers and the same validity as if the Agency were acting in its own behalf, but solely at the expense of the Company; provided however, that (y) the appointment of the Company as agent of the Agency hereunder may be terminated, at the option of the Agency, upon delivery of written notice thereof to the Company, on or after twenty-four months from the date of execution of this Lease Agreement in the event construction and equipping of the Building is not substantially completed; provided, however, that if such failure to substantially complete construction and equipping of the Building within such period is caused by an event of force majeure the obligation of the Company to complete such construction and equipping shall be suspended and tolled during the continuance of such event of force majeure and the appointment of the Company as agent of the Agency shall not be terminated during such period; and (z) the appointment of the Company as agent of the Agency hereunder shall be terminated on the date on which this Lease Agreement is terminated. The term "force majeure" as used herein shall consist of acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, 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, or any civil or military authority, insurrections, riots, epidemics, landslides, lighting, earthquakes, fire, hurricanes, storms, floods, washouts, arrests, restraint of government and people, civil disturbances, explosions, or partial or entire failure of utilities, or other cause or event not reasonably within the control of the Company.

(b) The Company hereby agrees to construct the Building, as agent of the Agency, pursuant to and in accordance with the building plans and specifications filed with and appertaining to any and all Town building permits or approvals applicable to the Project, to acquire the Equipment and install the Equipment in the Building, as agent of the Agency, and to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other persons, and in general to do all things which may be requisite or proper all for the acquisition of the Land and the Building and the construction of the Building and the purchase and installation of the Equipment in the Building, with the same powers and with the same validity as the Agency could do if acting in its own behalf, to pay all costs and expenses thereof, and all fees, costs and expenses incurred by the Agency in the acquisition of a leasehold interest in the Land, the construction of the Building and the purchase and installation of the Equipment in the Building and to ask, demand, sue for, levy, recover and receive all such sums

of money, debts, dues and other demands whatsoever which may be due, owing and payable to the Agency under the terms of any contract, order, receipt, or writing in connection with the acquisition of a leasehold interest in the Land and construction of the Building and the purchase and installation of the Equipment in the Building, and to enforce the provisions of any contract, agreement, obligation, bond or other performance security provided, however, that the Agency shall not be required to execute or participate in any contract or arrangement with any contractor or other party entered into by the Company.

Section 3.2 Sublease of Project to the Company by the Agency. The Agency hereby agrees to sublease the Project, consisting of the Building and the Equipment located or to be located on the Land, as more particularly described in Exhibit A attached hereto, to the Company and the Company hereby agrees to sublease the Project from the Agency upon the terms and conditions of this Lease Agreement.

Section 3.3 Possessions and Quiet Enjoyment. (a) The Agency shall deliver to the Company sole and exclusive possession of the Project (subject to the terms of this Lease Agreement) on the Closing Date, including the right to recover all rents and profits therefrom, and the Company shall accept possession of the Project on the Closing Date. Except as provided in Sections 3.4, 6.4 and 8.2 hereof, the Agency, on and after the Closing Date, shall neither take nor suffer or permit any action to prevent the Company, until the expiration of the Agreement Term, from having quiet and peaceable possession and enjoyment of the Project 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 Project as hereinabove provided.

(b) The parties further agree the Agency shall have no obligation to reconstruct, or complete reconstruction of the Building, purchase or install the Equipment in the Building or in any manner conserve or protect the Project or any portion thereof.

(c) Title to all materials, Equipment, machinery and other items of property intended to be incorporated or installed in and to become part of the Project shall vest in the Agency, subject to this Lease Agreement, immediately upon deposit on the Land or incorporation or installation in the Building, whichever shall first occur.

(d) The Company shall not, during the Agreement Term, permit to stand, and will, at its own expense, take all steps reasonably necessary to remove, any mechanics' or other liens against the Building for labor or material furnished in connection with the construction of the Building.

(e) The Company hereby agrees that, during the Agreement Term, it will promptly comply with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements, ordinary or extraordinary, which then or at any time thereafter may be applicable to its construction of the Building or any part thereof, purchase and installation of the Equipment in the Building, or to any use, manner of use or condition of the Project 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 Project or any part thereof, or to any use, manner of use or condition of the Project or any part thereof.

(f) In the event of default of any contractor or subcontractor or suppliers of Equipment under any contract made by it in connection with the Project or in the event of a breach of warranty with respect to any materials, workmanship, or performance guaranty, the Company may proceed, either separately or in conjunction with others, to exhaust its respective remedies and the remedies of the Agency against the contractor, subcontractor or supplier so in default and against each surety for the performance of such contract. The Company may, in its own name or in the name of the Agency, prosecute or defend any action or proceeding against any contractor, subcontractor, supplier or surety which the Company deems reasonably necessary, and in such event the Agency 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.

Section 3.4 Contracts. Every agreement, contract or arrangement made by the Company in furtherance of its responsibilities under this Article III shall be payable solely from funds provided by the Company and not by the Agency, and every such agreement, contract or arrangement shall contain a suitable legend to that effect and shall be filed with the Agency within five days of the execution thereof by the Company.

ARTICLE IV.

MAINTENANCE AND OPERATION OF PROJECT; INSURANCE; PAYMENT OF TAXES, ASSESSMENTS AND UTILITY CHARGES

Section 4.1 Maintenance and Operation of Project by the Company. (a) The Company hereby agrees that during the Agreement Term it will, at its own expense, (i) keep the Project, and every part and parcel thereof, in as reasonably safe condition as its operations shall permit and in good repair, working order and condition; (ii) promptly make all necessary repairs, replacements and renewals to the Project (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) and maintain the Project in a condition that permits compliance with all governmental requirements applicable to the Project; (iii) operate or cause to be operated the Project in a safe and sound manner; (iv) comply with such standards and periodic maintenance inspections as shall be required to enforce warranty and similar claims against contractors, subcontractors and suppliers for the Project and any standards imposed by any insurance policies in effect at any time with respect to the Project or any part thereof.

(b) The Company hereby agrees that, during the Agreement Term, it will itself, and that it will cause all other tenants or occupants of the Project to promptly comply with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements, ordinary or extraordinary, which may be applicable to the operation and, or, maintenance of the Project, or any part thereof, or to any use, manner of use or condition of the Project, 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 Project, or any part thereof, or to any use, manner of use or condition of the Project or any part thereof.

Section 4.2 Insurance. At all times throughout the Agreement Term, the Company and additionally each first floor commercial entity as sub-tenant shall each maintain separate insurance policies against such risks and for such amounts as are customarily insured against by businesses of like size and type paying, as the same become due and payable, all premiums in respect thereto, including, but not necessarily limited to, public liability insurance and other insurance protecting the Company and the Agency against loss or losses from liabilities imposed by law or assumed in any written contract and arising from personal injury and death or damage to the property of others caused by any accident or occurrence, with limits of not less than \$1,000,000 per accident or occurrence on account of personal injury, including death resulting therefrom, and a \$2,000,000 aggregate and \$100,000 per accident or occurrence on account of damage to the property of others, excluding liability imposed by any applicable workmen's compensation law; protecting the Company and the Agency against any loss or liability or damage for personal injury or property damage. Additionally, the Company shall, at all times throughout the Agreement Term, provide worker's compensation insurance, disability benefits insurance, and such other form of insurance which the Agency or the Company is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees who are located at or assigned to the Project.

All insurance required by this Section 4.2 shall be procured and maintained in financially sound and generally recognized responsible insurance companies rated at least "A-" by A.M. Best selected by the Company and permitted 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 the construction and operation of facilities similar to the Project. All policies evidencing such insurance protecting the Agency shall include the Agency as a named insured and shall provide for at least thirty (30) days' written notice of the cancellation thereof to the Agency.

All such policies of insurance, or a certificate or certificates of the insurers that such insurance is in force and effect, shall be deposited with the Agency on or before the commencement of any construction as agent of the Agency authorized by this Lease Agreement. Within a reasonable time following the renewal or replacement of any such policy of insurance, the Company shall furnish the Agency evidence that the policy has been renewed or replaced or is no longer required by this Lease Agreement.

Section 4.3 Taxes, Assessments and Utility Charges. (a) The Company agrees to pay as the same respectively become due, (i) all taxes and governmental charges of any kind whatsoever, which may at any time be lawfully assessed or levied against or with respect to the Project, including any machinery, Equipment or other property installed or brought by the Company or any other tenant or occupant therein or thereon, (ii) all utility and other charges, including "service charges", incurred or imposed for the operation, maintenance, use, occupancy, upkeep and improvement of the Project, and (iii) all assessments and charges of any kind whatsoever lawfully made by any governmental body for public improvements; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated under this Lease Agreement to pay only such installments as are required to be paid during the Agreement Term.

(b) The Company may in good faith contest any such taxes, assessments and other charges. In the event of any such contest, the Company may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, provided that adequate book reserves in accordance with generally accepted accounting principles have been established with respect thereto and the Company shall have furnished security for the payment of such taxes, assessments and other charges as may be required in such challenge proceedings or requested by the Agency. The foregoing right to contest and not pay taxes, assessments or other charges shall not alleviate any obligation to timely make all payments in accordance with the provisions of the PILOT Agreement.

(c) 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.

ARTICLE V.

DAMAGE, DESTRUCTION OR CONDEMNATION

Section 5.1 Damage or Destruction of Project. If the Project shall be damaged or destroyed, in whole or in part, at any time during the Agreement Term, the Company shall, to the extent moneys from the proceeds of insurance or otherwise are available therefore, promptly replace, repair, rebuild or restore the Project to substantially the same condition and value as an operating entity as existed prior to such damage or destruction, with such changes, alterations and modifications as may be desired by the Company subject to obtaining necessary and applicable governmental approvals and permits; provided, however, that no contract for such replacements, repair, rebuilding or restoration shall be let in the name of the Agency unless the Agency shall specifically appoint the Company its agent with respect to any such replacement, repair, rebuilding or restoration.

Section 5.2 Condemnation of Project. If at any time during the Agreement Term the whole or any part of title to, or the use of, the Project shall be taken by Condemnation, this Lease Agreement shall immediately terminate with respect to such portions of the Project. Proceeds of any condemnation award, after payment to the Agency of any amounts then due the Agency under the PILOT Agreement or this Lease Agreement, shall be paid to the Company.

ARTICLE VI.

SPECIAL COVENANTS

Section 6.1 No Warranty of Condition or Suitability by the Agency. The Agency makes no representation or warranty, either express or implied, to the Company as to the condition, title, design, merchantability or fitness of the Project, or that it is or will be suitable for the Company's purposes or needs.

Section 6.2 Hold Harmless Provisions and Special Environmental Agreement.

(a) During the Agreement Term, but subject to Section 9.1, the Company hereby releases the Agency and its members, agents and employees from, agrees that the Agency and its members, agents and employees shall not be liable for and agrees to indemnify and hold the Agency and its members, agents and employees harmless from and against any and all claims and liability for loss or damage to Property or any injury to or death of any and all Persons that may be occasioned by any cause whatsoever pertaining to the acquisition of a leasehold interest in the Land and the Building or the reconstruction, equipping, operation, maintenance or leasing of the Project or arising by reason of or in connection with the occupation or the use thereof or the presence on, in or about the Project.

(b) Without limitation by the provisions of Section 6.2(a), and in addition to the provisions of Section 6.2(a); the Company shall not cause or permit the Project or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials and Hazardous Substances, except in compliance with all applicable federal, State and local laws or regulations, nor shall the Company cause or permit a release of Hazardous Materials and Hazardous Substances onto the Project or onto any other property, except in compliance with all applicable federal, State and local laws, ordinances, rules and regulations. The Company shall comply with and ensure compliance by all contractors, subcontractors, tenants and subtenants with all applicable federal, State and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all contractors, subcontractors, tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Company shall (a) to the extent reasonably required by federal, State and local laws, rules and regulations, conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials and Hazardous Substances, on, from, or affecting the Project (i) in accordance with all applicable federal, State, and local laws, ordinances, rules, regulations, and policies, (ii) to the satisfaction of the Agency and (iii) in accordance with the orders and directives of all federal, State, and local governmental authorities; and (b) defend, indemnify, and hold harmless the Agency and its members, agents and employees from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to (i) the presence, disposal, release, or threatened release of any Hazardous Materials and Hazardous Substances which are on, from or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise, unless arising from the intentional acts or misconduct of the Agency, (ii) any bodily injury, personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous

Materials and Hazardous Substances, (iii) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials and Hazardous Substances, and/or (iv) any violation of laws, orders, regulations, requirements, or demands of government authorities, or any policies or requirements of the Agency which are based upon or in any way related to such Hazardous Materials and Hazardous Substances or in any way related to any other law, rule, regulation, code or order related to the Project but not related to Hazardous Materials and Hazardous Substances, including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. For purposes of this Section, "Hazardous Materials" and "Hazardous Substances" 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 state, 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 that the Company may have to the Agency at common law.

(c) Notwithstanding the provisions of the foregoing, the Company may in good faith contest the validity or the applicability of any requirement of the nature referred to in paragraph (a) or (b) hereof by appropriate legal proceedings conducted in good faith and with due diligence. Notwithstanding the provisions of this paragraph, if, because of a breach or violation of the provisions of paragraph (a) or (b) hereof (without giving effect to this paragraph), the Agency or any of its members, 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 to the extent permitted by applicable law, to remove the threat of such fine, liability, expense or imprisonment.

(d) If any action shall be brought against the Agency based upon any cause of action in respect of which indemnity may be sought by the Agency against the Company, the Agency agrees to promptly notify the Company, in writing, and the Company will assume the defense thereof, including the employment of counsel reasonably satisfactory to the Agency, the payment of all expenses and the right to negotiate and consent to settlement; provided, however, the Agency shall have the right to defend itself in any such action but the fees and expenses of such defense including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses, shall be at the expense of the Agency unless (i) the defense of itself by the Agency has been authorized in writing by the Company, (ii) the Agency shall have reasonably concluded that there may be a conflict of interest between the Company and the Agency in the conduct of the defense of such action or (iii) the Company shall not in fact have employed counsel and other defense experts reasonably satisfactory to the Agency for the assumption of the defense of such action. The Company shall not be liable for any settlement of any action or claim effected without its consent which consent shall not be unreasonably withheld.

(e) The indemnity agreements contained in this Section 6.2 shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the

Agency or the termination of this Lease Agreement and until the expiration of any applicable statute of limitations.

(f) The Company shall, and hereby agrees to, whether or not it carries casualty insurance or is self-insured, be solely responsible for the risk of any casualty, loss or damage from whatever cause to the Project and the Agency shall not, unless arising from the intentional acts or misconduct of the Agency, be responsible or liable therefor.

(g) The Company further agrees to enforce any and all provisions of any lease, sub-lease or similar agreement to which it is a party pertaining in any manner to compliance with environmental law, rule or regulation enacted or adopted by any governmental body and to remediate any environmental contamination in or on the Land or the Building.

Section 6.3 Payment of Expenses by the Company. The Company shall promptly reimburse the Agency for every expense, reasonably required and incurred in reasonable amounts by the Agency, including attorneys' fees and court costs, with respect to this Lease Agreement and any prior written agreement between the parties relating to the transactions contemplated herein.

Section 6.4 Right to Inspect the Project. The Agency and its duly authorized agents shall have the right at all reasonable times and on at least twenty-four hours' notice to the Company to inspect the Project; provided, however, that the Agency shall not have any duty to make any such inspection nor incur any liability or obligation by reason of not making such inspection.

Section 6.5 Agreement to Provide Information. The Company agrees, whenever requested by the Agency, within a reasonable period of time, to provide and certify or cause to be provided and certified such information concerning the Company and any tenant, subtenant or occupant of the Project as the Agency from time to time reasonably considers necessary or appropriate in connection with the transactions contemplated by this Lease Agreement, including, but not limited to, such information as to enable it or the Agency to make any reports required by law or governmental regulation. Without limiting the foregoing, the Company acknowledges and affirms to the Agency that it has read and understands the Agency's annual financial reporting requirements contained in Section 859 and 859-a of the General Municipal Law, the Agency's filing requirement contained in Section 874(9) of the General Municipal Law and Section 875 of the General Municipal Law acknowledges that the Agency cannot comply with said annual reporting requirements and filing requirements without necessary information being provided by the Company and any tenant, subtenant or occupant of the Project and agrees to provide to the Agency (i) not later than February 1 of each year, the name and address of the then current owner of the Project, the number of jobs at the Project, the estimated value of the financial assistance provided by the Agency to the Company during the preceding calendar year and such other information as the Agency may reasonably request which may be necessary for the Agency to comply with its annual financial reporting requirement, and (ii) within ten days of the date that the Agency designates the Company to act as agent of the Agency for purposes of extending a sales tax exemption to the Company, the information required by Section 874(9) of the General Municipal Law. The Company each further acknowledges and affirms to the Agency that it has read and understands the Company's annual

financial reporting requirement contained in Section 874(8) of the General Municipal Law and agrees to file a statement with the State Department of Taxation and Finance, on a form and in such manner as is prescribed by the Commissioner of Taxation and Finance, of the value of all sales and use tax exemptions claimed by the Company as agent of the Agency with respect to the Project.

Section 6.6 Books of Record and Account; Financial Statements. The Company hereby agrees to maintain, and to cause the Guarantor to maintain, proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all financial affairs of the Company and of the Guarantor. Financial statements are to be prepared using straight line depreciation over the useful life of any asset.

Section 6.7 Compliance With Orders, Ordinances, Etc. (a) The Company hereby agrees with the Agency that it will promptly comply, and that it will cause all tenants, subtenants and occupants of the Project to comply with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements, ordinary or extraordinary, foreseen or unforeseen, of all federal, State, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers and companies or associations insuring the Project, which now or at any time hereafter may be applicable to the Project or any part thereof, or to any use, manner of use or condition of the Project or any part thereof. The Company shall furnish or cause to be furnished to the Agency reasonable evidence of receipt by the Company of all required and available governmental permits and licenses, if any, related to the Project.

(b) Notwithstanding the provisions of subsection (a) of this Section 6.7, the Company may in good faith actively contest the validity or the applicability of any requirement of the nature referred to in such subsection (a). 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, provided that adequate book reserves in accordance with generally accepted accounting principles (in the opinion of its independent accountant) have been established with respect thereto. If the Agency shall notify the Company that by failure to comply with such requirement or requirements the Project or any part thereof may be subject to loss or forfeiture, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Agency.

Section 6.8 The Company to Maintain Its Legal Existence; Conditions Under Which Exceptions Permitted. The Company hereby agrees that it will maintain, and will cause the Guarantor to maintain, its legal existence, not dissolve or otherwise dispose of all or substantially all of its assets, and not consolidate with or merge into another entity or permit one or more entities to consolidate with or merge into it without the prior written consent of the Agency.

Section 6.9 Employment Opportunities, Notice of Jobs. The Company hereby 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 Project 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 Project is located (collectively, the "Referral Agencies"). The Company hereby 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 6.10 Further Assurances. (a) The Company hereby agrees to execute and deliver to the Agency all such documents and instruments and do all such other acts and things as may be necessary or required by the Agency to enable the Agency to exercise and enforce its rights under this Lease Agreement, and to record and file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or required by the Agency to validate, preserve and protect the rights of the Agency under this Lease Agreement.

(b) The Agency agrees to consider granting its consent to, and hereby agrees not to unreasonably withhold its consent from, such documents as may be necessary to permit the Company to obtain financing for the Project.

Section 6.11 Agreement to Pay Attorneys' Fees and Expenses. In the event the Company should Default under any of the provisions of this Lease Agreement and the Agency employs attorneys or incurs 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 extent permitted by law, to the Agency the reasonable fees and expenses of such attorneys and such other expenses so incurred. In the event that a court of competent jurisdiction finally determines that a default did not occur then no such fees shall be owed.

Section 6.12 No Additional Waiver Implied by One Waiver. In the event any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.13 Waiver of Jury Trial. In any action arising hereunder the parties mutually waive trial by jury and agree the venue shall be Suffolk County, New York.

Section 6.14 Obligations of the Company Hereunder Unconditional; No Release of Obligations of Agency. (a) The obligations of the Company to make the payments required hereunder and of the Company to perform and observe any and all of the other covenants and agreements on its part contained herein shall be a general obligation 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. The Company agrees that it will not (i) suspend, discontinue or abate any payment required hereunder, (ii) fail to observe any of its other covenants or agreements in this Lease Agreement or (iii) except as provided in Section 9.1 hereof, terminate this Lease Agreement for any cause whatsoever, including, without limiting the generality of the foregoing, failure to complete the constructing and equipping of the Project to

be used as contemplated in this Lease Agreement or otherwise, any defect in the title, design, operation, merchantability, fitness or condition of all or any portion of the Project or in the suitability of all or any portion of the Project for the Company's purposes or needs, failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Agency to perform or observe any agreement, express or implied, or any duty, liability or obligation arising out of or in connection with this Lease Agreement. In the event the Company should fail to make any payment pursuant to this Lease Agreement, the payment in default shall continue as an obligation of the Company until the amount in default shall have been fully paid.

(b) Failure of the Company to comply with this Section 6.14 hereof shall not be construed to release the Agency from the performance of any of the agreements on its part contained in this Lease Agreement, and, in the event the Agency should fail to perform any such agreement, the Company may institute in any court of competent jurisdiction located in Suffolk County, New York, such action against the Agency as the Company may deem necessary to compel performance or recover damages for such non-performance; provided, however, that the Company shall look solely to the Agency's estate and interest in the Project for the satisfaction of any right or remedy of the Company for the collection of a judgment (or other judicial process) requiring the payment of money by the Agency in the event of any liability on the part of the Agency, and no other property or assets of the Agency shall be subject to levy, execution, attachment or other enforcement procedure for the satisfaction of the Company's remedies under or with respect to this Lease Agreement, the relationship of the Agency and the Company hereunder, the Company's use of the Project or any other liability of the Agency to the Company.

Section 6.15 Recapture of Agency Benefits.

(a) It is understood and agreed by the parties to this Lease Agreement that the Agency is entering into this Lease Agreement in order to accomplish the public purposes of the Act. In consideration therefor, the Company hereby agrees as follows:

(i) If there shall occur a Recapture Event (as defined below) prior to the completion of the construction and equipping of the Project and the Company thereafter sells all or substantially all of the Project or causes all or substantially all of the Project to be sold within two years of the exercise of such option to terminate this Lease Agreement, the Company shall pay to the Agency, as a return of public benefits conferred by the Agency, all Benefits as defined below.

(ii) If there shall occur a Recapture Event after the earlier of (i) the date on which the Project shall have been substantially completed, or (ii) twenty-four months from the date of execution of this Lease Agreement (the earlier of said dates hereinafter the "Operations Commencement Date"), the Company shall pay to the Agency as a return of public benefits conferred by the Agency, the amounts set forth in this paragraph (a)(ii) of Section 6.15.

1. one hundred percent (100%) of the Benefits if the Recapture Event occurs within the first six (6) years after the Operations Commencement Date;
2. eighty percent (80%) of the Benefits if the Recapture Event occurs during the seventh (7th) year after the Operations Commencement Date;
3. sixty percent (60%) of the Benefits if the Recapture Event occurs during the eighth (8th) year after the Operations Commencement Date;
4. forty percent (40%) of the Benefits if the Recapture Event occurs during the ninth (9th) year after the Operations Commencement Date;
5. twenty percent (20%) of the Benefits if the Recapture Event occurs during the tenth (10th) year after the Operations Commencement Date.

The term "Benefits" shall mean, collectively, all Financial Assistance realized by the Company including, but not limited to, exemption from real property tax, mortgage recording tax, transfer tax, sales or use tax, and filing and recording fees.

The term "Recapture Event" shall mean any of the following events:

1. The Company shall have liquidated its operations and/or assets or shall have ceased all or substantially all of its operations at the Project (whether by relocation to another facility or otherwise, or whether to another facility either within or outside of the Town);
2. The Company shall have leased all or any portion of the Project in violation of the limitations imposed by Section 7.1 hereof, without the prior written consent of the Agency;
3. The Company shall have effected substantial changes in the scope and nature of the Company's operations at the Project;
4. The Company shall have transferred all or substantially all of its employees to a location outside of the Town; or
5. The Company shall have sold, leased, transferred or otherwise disposed of all or substantially all of its interest in the Project.

Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event shall have arisen as a direct immediate result of (i) a taking or condemnation by governmental authority of all or substantially all of the Project, (ii) the inability at law of the Company to rebuild, repair, restore or replace the Project after the damage or destruction of the project, in whole or in part, to substantially its condition prior to such event, which inability shall have arisen in good faith through no fault on the part of the Company, or (iii) a matter to which the Agency shall have given its express prior written consent.

6. The submission of any knowingly materially false or knowingly materially misleading information in the Application or proceedings held by the Agency on the Application. This is a continuing obligation of the Company.

7. Failure to comply with the requirements of General Municipal Law Section 875.

(b) The Company covenants and agrees to furnish the Agency with written notification upon any Recapture Event occurring within ten (10) years of the Operations Commencement Date, which notification shall set forth the terms thereof. The provisions of this Section 6.15 shall survive the termination of this Lease Agreement for any reason whatsoever, notwithstanding any provision of this Lease Agreement to the contrary.

(c) In the event any payment owing by the Company under this Section 6.15 shall not be paid on demand by the Company, such payment shall bear interest from the date of such demand at the rate of nine percent (9%) per annum until the Company shall have paid such payment in full, together with such accrued interest to the date of payment, to the Agency.

(d) The Agency, in its sole discretion, may waive all or any portion of any payment owing by the Company under this Section 6.15.

(e) The Company covenants and agrees to furnish the Agency with written notification upon any such disposition of the Project or any portion thereof made within ten (10) years of its completion, which notification shall set forth the terms of such sale. The provisions of this Section 6.15 shall survive the termination of this Lease Agreement for any reason whatsoever, notwithstanding any provision of this Lease Agreement to the contrary.

(f) In the event of a conflict between this section 6.15 "Recapture of Agency Benefits" and the General Municipal Law Section 875, Section 875 shall control.

Section 6.16 Sales Tax

The "Sales Tax Agent Authorization Letter" is attached to the Lease as Exhibit B. All notices, filings and requirements of the letter shall be promptly performed by the Company.

ARTICLE VII.

ASSIGNMENT AND RESTRICTION ON LEASE OF PROJECT

Section 7.1 Assignment and Restriction on Lease of Project. (a) Nothing contained in this Lease Agreement shall prevent the consolidation of the Agency with, or merger of the Agency into, or transfer of all the Agency's interest in the Project as an entirety to, any other public benefit corporation or political subdivision which has the legal authority to lease the Project, provided that upon any such consolidation, merger or transfer, the due and punctual performance and observance of all the agreements and conditions of this Lease Agreement to be kept and performed by the Agency shall be expressly assumed in writing by the entity resulting from such consolidation or surviving such merger or to which the Project shall be transferred. Subject to the foregoing, the Agency agrees that it will not assign or convey its right, title and interest in and to this Lease Agreement, the Project, or any portion thereof, without the prior written consent of the Company.

(b) As soon as reasonably practical, but in no event later than thirty (30) days after the consummation of any such consolidation, merger or transfer of all the Agency's interest in the Project created hereunder, the Agency shall give notice thereof in reasonable detail to the Company. The Agency promptly shall furnish such additional information with respect to any such transaction as the Company reasonably may request.

(c) Except for (i) necessary easements and rights of way granted in the ordinary course of business, and (ii) collateral assignments made in connection with the financing of the Project by the Company, the Company hereby agrees that it will not assign or convey its rights, title and interest in and to this Lease Agreement, the Project, or any portion thereof, without the prior written consent of the Agency.

(d) The Agency and the Company from time to time may release from the provisions of this Lease Agreement and the estate created hereby any part of, or interest in, the Land which is not necessary, desirable or useful for the Project. In such event, the Agency, at the Company's sole cost and expense, shall execute and deliver any and all instruments necessary or appropriate so to 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.

ARTICLE VIII.

EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default Defined. The following shall be an "Event of Default" under this Lease Agreement and the terms "Event of Default" or "Default" shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(i) The failure by the Company to pay or cause to be paid, when due and after the expiration of any applicable grace period, the amounts specified to be paid either pursuant to this Lease Agreement or pursuant to the PILOT Agreement;

(ii) The failure by the Company to observe and perform any covenant, condition or agreement hereunder on its part to be observed or performed, other than a payment obligation referenced in subparagraph (i) hereof, 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, unless, by reason of the nature of such failure the same cannot be remedied within such thirty (30) day period, in which event the period during which such failure may be remedied shall be extended to such period during which the Company is proceeding with reasonable diligence in remedying such failure;

(iii) The commencement by the Company of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or State bankruptcy, insolvency or other similar law, or the consent by it to the receiver, liquidator, assignee, Managing Member, custodian, sequestrator (or other similar official) of the Company or for all or substantially all of its property, or the making by it of any assignment for the benefit of creditors.

Section 8.2 Remedies on Default. (a) Whenever any Event of Default shall have occurred and be continuing, the following remedies shall be available:

(i) The Agency may terminate this Lease Agreement as provided in Section 9.1(b) hereof;

(ii) The Agency may take any other action at law which may appear necessary or desirable to collect any amounts then due and to enforce the obligations, agreements or covenants of the Company under this Lease Agreement.

Section 8.3 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 Lease 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 VIII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required in this Lease Agreement.

Section 8.4 Agreement to Pay Attorneys' Fees and Expenses. In the event the Company should default under any of the provisions of this Lease 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 reasonable fees of such attorneys and such other expenses so incurred.

Section 8.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.6 Certificate of No Default. The Company shall deliver to the Agency each year no later than January 15 a certificate signed by the member of the Company stating to the best of Company's knowledge and belief, with any duty of inquiry, that the Company is not in default under this Lease Agreement and no Event of Default exists under this Lease Agreement, the PILOT Agreement, or any other document executed and delivered by the Company in connection with the Project.

ARTICLE IX.

TERMINATION OF LEASE AGREEMENT AND GROUND LEASE

Section 9.1 Termination of Lease Agreement and Ground Lease. (a) The Agency and the Company shall terminate this Lease Agreement and the Ground Lease after receipt by the Agency of a written request of the Company to terminate this Lease Agreement and the Ground Lease and after complying with the provisions of paragraphs (c) and (d) hereof.

(b) (i) The Agency may terminate this Lease Agreement upon the occurrence and continuance of any Event of Default provided in Section 8.1 hereof by delivering a written notice to the Company stating that a specified Event of Default has occurred and is continuing and stating that this Lease Agreement is terminated by the Agency, or (ii) the Agency may terminate this Lease Agreement any time not more than ninety (90) days prior to or at any time following the taxable status date applicable to the tax year during which the Company will be required to make payments in lieu of taxes under the PILOT Agreement equal to 100% of the taxes that would have been owing on the Project but for the Agency's ownership of the Project by delivering a written notice to the Company stating such fact and stating that this Lease Agreement is terminated by the Agency; in each case after complying with the provisions of paragraphs (c) and (d) hereof.

(c) The Agency shall, at the sole expense of the Company, execute, deliver and record or file such instruments, and shall take such other action as may be deemed necessary or appropriate by the Company, to evidence or confirm termination of this Lease Agreement and the Ground Lease which shall otherwise remain in full force and effect and constitute a Lien against the Project, to the extent provided in paragraph (e) of this Section 9.1 with respect to the Lease Agreement, subject to such Liens (i) as existed when the Project (or the Land or Building) was acquired by the Agency, (ii) as were created by the Company or any tenant, subtenant, occupant of the Project, agent of the Company or Person authorized by the Company, (iii) to the creation of which the Company consented to or in the creation of which the Company acquiesced, and (iv) which the Company was required to remove but failed to do so. The Company hereby unconditionally agrees to accept any such instruments, to permit recordation or filing of any such instruments and to execute any instruments, as may be deemed necessary or appropriate by the Agency, to evidence termination of this Lease Agreement, the Ground Lease and of the PILOT Agreement. Failure of the Company to accept or execute any such instruments shall not be a defense or bar to the validity of the termination of this Lease Agreement, the Ground Lease or the PILOT Agreement or the re-conveyance of a leasehold interest in the Project from the Agency to the Company. Delivery of any such instruments, including, without limitation, such Ground Lease from the Agency to the Company, shall not relieve the Company of any of its obligations under either the Lease Agreement or the PILOT Agreement.

(d) If, at the expiration of the Agreement Term, the Company shall not have then satisfied any monetary obligation to the Agency pursuant to either this Lease Agreement or the PILOT Agreement, the Agency, prior to the execution of any instruments referenced in paragraph (c) hereof, may provide to the Company a statement itemizing, in reasonable detail, the amount of any such monetary obligation as the Agency shall in good faith

then know or estimate and the Company shall either pay all or a part of such sum to the Agency or to an escrow agent acceptable to the Company and the Agency. If any such sum shall be paid to an escrow agent as herein provided, the Company and the Agency shall immediately negotiate, arbitrate or litigate to determine the right of the Agency to receive any such sum. Any interest earned on the investment of such sum when held and invested by such escrow agent shall be paid to the Company or the Agency in accordance with the determination of such negotiation, arbitration or judicial proceeding.

(e) Upon termination of this Lease Agreement neither the Agency nor the Company shall have any further obligation incurred during the Agreement Term hereunder except for the obligations of the Company set forth in Sections 3.1(b), 3.3(a), (e) and (f), 4.3(a), 6.2, 6.3, 6.11, 6.13, 6.14, 6.15, 8.4, 9.1 and 10.7 hereof which shall survive such termination and shall continue in full force and effect until the expiration of any applicable statute of limitations.

(f) Any request of the Company to terminate this Lease Agreement as provided in paragraph (a) hereunder shall state the date on which this Lease Agreement shall terminate, which date shall not be less than thirty (30) days nor more than ninety (90) days after the date on which the Agency receives such request. Any direction of the Agency to terminate this Lease Agreement, as provided in paragraph (b) hereunder, shall state the date on which this Lease Agreement shall terminate, which date shall not be less than fifteen (15) days nor more than forty-five (45) days after the date on which the Company receives said direction.

ARTICLE X.

MISCELLANEOUS

Section 10.1 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 registered mail, postage prepaid, addressed as follows:

To the Agency:	Town of Riverhead Industrial Development Agency Town of Riverhead Town Hall 200 Howell Avenue Riverhead, New York 11901 <u>Attention:</u> Executive Director
To the Company:	John J. King, Chief Executive Officer J. King Realty, Inc. 700 Furrows Road Holtsville, NY 11742
With Copy to:	Ellen N. Savino, Esq. Lewis Johs Avallone Aviles, LLP One CA Plaza, Suite 225 Islandia, NY 11749

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

Section 10.2 Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Agency and the Company and their respective successors and assigns in accordance with its terms.

Section 10.3 Severability. In the event any provision of this Lease 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 10.4 Execution of Counterparts. This Lease 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.

Section 10.5 Applicable Law. This Lease Agreement shall be governed exclusively by the applicable laws of the State. Venue is agreed to be vested in the Supreme Court of the State of New York at Suffolk County.

Section 10.6 Recording and Filing. This Lease Agreement, or a memorandum thereof, shall be recorded in the Office of the Clerk, Suffolk County, New York, or in such other office as may at the time be provided by law as the proper place for the recordation thereof.

Upon the reasonable request of either party to this Lease Agreement, the other party will do, execute, acknowledge and delivery or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Company as is reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Lease Agreement and any rights of either party hereunder.

Section 10.7 Liability Limited. It is expressly agreed, anything herein to the contrary notwithstanding, that each and all of obligations of the Agency hereunder are non recourse obligations of the Agency payable solely out of the revenues and rights of the Agency under this Lease Agreement. No recourse shall be had for the payment of any amount hereunder or for any claim based thereon or upon any obligation, covenant or agreement contained in this Lease Agreement against any past, present or future officer, member or director of the Agency, or any incorporator, member, officer, director or Managing Member of any successor corporation, as such, either directly or through the Agency or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member, officer, director or Managing Member as such is hereby expressly waived and released as a condition of and consideration for the execution of this Lease Agreement.

Section 10.8 Table of Contents and Section Headings not Controlling. The Table of Contents and the Headings of the several Sections in this Lease Agreement have been prepared for the convenience of reference only and shall not control, affect the meaning or be taken as an interpretation of any provision of this Lease Agreement.

Section 10.9 Estoppel Certificates. The Agency, within 10 days after a request in writing by the Company, shall furnish a written statement, duly acknowledged, that this Lease Agreement is in full force and effect and that there are no defaults thereunder by the Company or if there are any defaults, such statement shall specify the defaults the Agency claims to exist.

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

TOWN OF RIVERHEAD INDUSTRIAL
DEVELOPMENT AGENCY

By: _____

Thomas Cruso
Chairperson

J. KING REALTY, INC.

By: _____

John S. King,
Chief Executive Officer

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

On the 10th day of October in the year 2016 before me, the undersigned, a notary public in and for said State, personally appeared Thomas Cruso 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 its capacity and that by its signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

RICHARD A. EHLERS
Notary Public, State of New York
Suffolk County No. 02EH4738288
Commission Expires February 28, 2018

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

On the 11th day of October in the year 2016 before me, the undersigned, a notary public in and for said State, personally appeared John J. King 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 its capacity and that by its signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

GLENN N. SAMPO
Notary Public, State of New York
No. 4952048
Qualified in Nassau County
Commission Expires June 12, 2017

* 2017

EXHIBIT A

Description of the Land

SCHEDULE "A"

ALL that certain plot, piece or parcel of land situate, lying and being at Calverton, in the Town of Riverhead, County of Suffolk and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the Westerly side of Osborn Avenue with the southerly side of Sound Avenue (North Road);

RUNNING THENCE along the westerly side of Osborn Avenue, South 23 degrees 29 minutes 10 seconds East, 293.41 feet;

THENCE South 70 degrees 09 minutes 10 seconds West, a distance of 343.52-actual (346.04 feet-deed);

THENCE South 82 degrees 05 minutes 00 seconds West, a distance of 351.60-actual (348.85 feet-deed);

THENCE North 23 degrees 58 minutes 17 seconds West, 15.61 feet;

THENCE North 19 degrees 31 minutes 50 seconds West, 515.92 feet, to a point on the southerly side of Sound Avenue;

THENCE along the Southerly side of Sound Avenue the following four (4) courses and distances:

1. North 88 degrees 29 minutes 10 seconds East, 82.73 feet;
2. North 88 degrees 09 minutes 00 seconds East, 347.11 feet;
3. South 79 degrees 19 minutes 00 seconds East, 198.77 feet;
4. South 68 degrees 33 minutes 10 seconds East, 115.95, to the point or place of **BEGINNING**.

FOR INFORMATION PURPOSES ONLY:

2711 SOUND AVENUE, CALVERTON, NEW YORK 11933

DISTRICT: 0600 SECTION: 041.00 BLOCK: 02.00 LOT: 003.001

EXHIBIT B

Sales Tax Agent Authorization Letter

SALES TAX AGENT AUTHORIZATION LETTER

EXPIRATION DATE: October 11, 2018

**ELIGIBLE LOCATION:
2711 Sound Avenue, Calverton, New York**

October 11, 2016

TO WHOM IT MAY CONCERN

Re: Town of Riverhead Industrial Development Agency
(J Kings Realty, Inc/City Cider House, LLC)

Ladies and Gentlemen:

The Town of Riverhead Industrial Development Agency (the “Agency”), by this notice, hereby advises you as follows:

1. Pursuant to a certain Lease Agreement, dated as of October 11, 2016 (the “Lease Agreement”), between the Agency and J Kings Realty, Inc, a corporation organized and existing under the laws of the State of New York (the “Company”), the Agency has authorized the Company to act as its agent in connection with the Company Facility described therein located at the Eligible Location described above. Certain capitalized terms used herein and not defined shall have the respective meanings given to such terms in the Lease Agreement.

2. Upon the Company’s request, the Agency has appointed [**City Cider House, LLC**] (the “Agent”), pursuant to this Sales Tax Agent Authorization Letter (the “**Sales Tax Agent Authorization Letter**”) to act as the Agency’s agent for the purpose of effecting purchases exempt from sales or use tax in accordance with the terms, provisions of this Sales Tax Agent Authorization Letter and the Lease Agreement. **The Agent should review Article 28 of the Tax Law and GML 875 with respect to the scope of Sales Tax Exemption provided under the Lease Agreement and hereunder.**

3. The effectiveness of the appointment of the Agent as an agent of the Agency is expressly conditioned upon the execution by the Agency of New York State Department of Taxation and Finance Form ST-60 “IDA Appointment of Project or Agent” (“**Form ST-60**”) to evidence that the Agency has appointed the Agent as its agent (the form of which is to be completed by Agent and the Company). Pursuant to the exemptions from sales and use taxes available to the Agent under this Sales Tax Agent Authorization Letter, the Agent shall avail itself of such exemptions when purchasing eligible materials and services in connection with the Facility and shall not include such taxes in its contract price, bid or reimbursable costs, as the case may be.

4. The Agent acknowledges that the executed Form ST-60 shall not serve as a sales or use tax exemption certificate or document. No agent or project operator may tender a copy of the executed Form ST-60 to any person required to collect sales tax as a basis to make such purchases exempt from tax. No such person required to collect sales or use taxes may accept the executed Form ST-60 in lieu of collecting any tax required to be collected. THE CIVIL AND

CRIMINAL PENALTIES FOR MISUSE OF A COPY OF FORM ST-60 AS AN EXEMPTION CERTIFICATE OR DOCUMENT OR FOR FAILURE TO PAY OR COLLECT TAX SHALL BE AS PROVIDED IN THE TAX LAW. IN ADDITION, THE USE BY AN AGENT, PROJECT OPERATOR, OR OTHER PERSON OR ENTITY OF SUCH FORM ST-60 AS AN EXEMPTION CERTIFICATE OR DOCUMENT SHALL BE DEEMED TO BE, UNDER ARTICLES TWENTY EIGHT AND THIRTY SEVEN OF THE TAX LAW, THE ISSUANCE OF A FALSE OR FRAUDULENT EXEMPTION CERTIFICATE OR DOCUMENT WITH THE INTENT TO EVADE TAX.

5. As agent for the Agency, the Agent agrees that it will present to each seller or vendor a completed and signed **NYSDTF Form ST-123 "IDA Agent or Project Operator Exempt Purchase Certificate"** or such additional or substitute form as is adopted by NYSDTF for use in completing purchases that are exempt from Sales and Use Taxes ("Form ST-123") for each contract, agreement, invoice, bill or purchase order entered into by the Agent, as agent for the Agency, for the construction, repair and equipping of the Company Facility. Form ST-123 requires that each seller or vendor accepting Form ST-123 identify the Company Facility on each bill and invoice and invoice for purchases and indicate on the bill or invoice that the Agency or Agent or Company, as project operator of the Agency, was the purchaser. The Agent in conjunction with the Agency shall complete Form ST-123 as follows: (i) the "Project Information" section of Form ST-123 should be completed using the name and address of the Company Facility as indicated on the Form ST-60 used to appoint the Agent; (ii) the date that the Agent was appointed as an agent should be completed using the date of the Agent's Sales Tax Agent Authorization Letter; and (iii) the "Exempt purchases" section of Form ST-123 should be completed by marking "X" in box "A" only.

6. The Agent agrees to comply with the terms and conditions of the Lease Agreement. The Agent must retain for at least six (6) years from the date of expiration of its contract copies of (a) its contract with the Company to provide services in connection with the Facility, (b) all contracts, agreements, invoices, bills or purchases entered into or made by such Agent using the Letter of Authorization for Sales Tax Exemption, and (c) the executed Form ST-60 appointing the Agent as an agent of the Agency, and shall make such records available to the Agency upon reasonable notice. This provision shall survive the expiration or termination of this Sales Tax Agent Authorization Letter.

7. In order to assist the Company in complying with its obligation to file New York State Department of Taxation and Finance Form ST-340 "Annual Report of Sales and Use Tax Exemptions Claimed by Project Operator of Industrial Development Agency/Authority" ("Form ST-340"), the Agent covenants and agrees that it shall file semi-annually with the Company and the Agency (no later than January 15th and July 15th of each calendar year in which it has claimed sales and use tax exemptions in connection with the Company Facility) a written statement of all sales and use tax exemptions claimed by such Agent for the preceding six-month period (ending on June 30th or December 31st, as applicable) in connection with the Facility by completing and submitting to the Company and the Agency the **Sales Tax Registry** attached hereto as **Exhibit B**. If the Agent fails to comply with the foregoing requirement, the Agent shall immediately cease to be the agent for the Agency in connection with the Company Facility (such agency relationship being deemed to be immediately revoked) without any further action of the parties, the Agent shall be deemed to have automatically lost its authority to make purchases as agent for the Agency, and shall desist immediately from all such activity.

8. The Agent agrees that if it fails to comply with the requirements for sales and use tax exemptions, as described in this Sales Tax Agent Authorization Letter, it shall pay any and all applicable Company Sales Tax Savings and any interest and penalties thereon. This provision shall survive the expiration or termination of this Sales Tax Agent Authorization Letter.

9. Special Provisions Relating to State Sales Tax Savings.

(a) The Agent covenants and agrees to comply, and to cause each of its contractors, subcontractors, persons or entities to comply, with the requirements of General Municipal Law Sections 875(1) and (3) (the "Special Provisions"), as such provisions may be amended from time to time. In the event of a conflict between the other provisions of this Sales Tax Agent Authorization Letter or the Lease Agreement and the Special Provisions, the Special Provisions shall control.

(b) The Agent acknowledges and agrees that pursuant to General Municipal Law Section 875(3) the Agency shall have the right to recover, recapture, receive, or otherwise obtain from the Agent State Sales Tax Savings taken or purported to be taken by the Agent or any other person or entity acting on behalf of the Agent to which Agent or the Company is not entitled or which are in excess of the Maximum Company Sales Tax Savings Amount or which are for property or services not authorized or taken in cases where the Company, any Agent or any other person or entity acting on behalf of the Company or the Agent failed to comply with a material term or condition to use property or services in the manner required by this Sales Tax Agent Authorization Letter or the Lease Agreement. The Company shall, and shall require each Agent and any other person or entity acting on behalf of the Company, to cooperate with the Agency in its efforts to recover, recapture, receive, or otherwise obtain such State Sales Tax Savings and shall promptly pay over any such amounts to the Agency that it requests. The failure to pay over such amounts to the Agency shall be grounds for the Commissioner of the New York State Department of Taxation and Finance (the "Commissioner") to assess and determine State Sales and Use Taxes due from the Company under Article Twenty-Eight of the New York State Tax Law, together with any relevant penalties and interest due on such amounts.

10. Subject to the provisions of Section 9 hereof, in the event that the Agent shall utilize the Sales Tax Exemption in violation of the provisions of the Lease Agreement or this Sales Tax Agent Authorization Letter, the Agent shall promptly deliver notice of same to the Company and the Agency, and the Agent shall, upon demand by the Agency, pay to or at the direction of the Agency a return of sales or use tax exemptions in an amount equal to all such unauthorized sales or use tax exemptions together with interest at the rate of twelve percent (12%) per annum compounded daily from the date and with respect to the dollar amount for which each such unauthorized sales or use tax exemption was availed of by the Agent.

11. Upon request by the Agency with reasonable notice to the Agent, the Agent shall make available at reasonable times to the Agency all such books, records, contracts, agreements, invoices, bills or purchase orders of the Agent, and require all appropriate officers and employees of the Agent to respond to reasonable inquiries by the Agency as shall be necessary (y) to indicate in reasonable detail those costs for which the Agent shall have utilized the Sales Tax Exemption and the dates and amounts so utilized, and (z) to permit the Agency to determine any amounts owed by the Agent under Section 10.

12. By execution of this Sales Tax Agent Authorization Letter, the Agent agrees to accept the terms hereof and represent and warrant to the Agency that the use of this Sales Tax Agent Authorization Letter by the Agent is strictly for the purposes stated herein.

13. The Agent acknowledges that this Sales Tax Agent Authorization Letter will terminate on the date (the "Termination Date") that is the earlier of (i) the Expiration Date referred to above, and (ii) the expiration or termination of the Lease Agreement. Upon the Termination Date, the agency relationship between the Agency and the Agent shall terminate.

(Remainder of Page Intentionally left Blank -Signature Page Follows)

The signature of a representative of the Agent where indicated below will indicate that the Agent accepted the terms hereof.

**TOWN OF RIVERHEAD
INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____

Name: *Thomas Cruse*
Title: *Chairman*

ACCEPTED AND AGREED TO BY:

By: _____

Name: _____
Title: _____

Exhibit B

To J Kings Realty, Inc and City Cider House, LLC

SALES TAX AGENT AUTHORIZATION LETTER

SALES TAX REGISTRY

Please Complete: **REPORTED PERIOD:** SEMI-ANNUAL PERIOD FROM [JANUARY 1][JULY 1], 201__ to [JUNE 30][DECEMBER 31], 201__

Description of Item (incl. Serial #,if applicable)	Location of Item	Dollar Amount	Vendor Description	Date of Payment	Purchase order or invoice number	Sales Tax Savings

TOTAL SALES TAX SAVINGS REALIZED DURING THE SEMI-ANNUAL REPORTED PERIOD:	
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Certification: I, the undersigned, an authorized officer or principal owner of the company identified below, hereby certify to the best of my knowledge and belief that all information contained in this report is true and complete. The information reported in this form includes all Company Sales Tax Savings realized by the company identified below and its principals, affiliates, tenants, subtenants, contractors and subcontractors. This form and information provided pursuant hereto may be disclosed to the Town of Riverhead Industrial Development Agency ("RIDA"), and may be disclosed by RIDA in connection with the administration of the programs by RIDA; and, without limiting the foregoing, such information may be included in reports or disclosure required by law.

Name of Agent: _____

Signature By: _____

Name (print): _____

Title: _____

Date: _____

EXHIBIT F

Sales Tax Registry

Please Complete: **REPORTED PERIOD: ANNUAL PERIOD** FROM JULY 1, 201__ to JUNE 30, 201__

Description of Item (incl. Serial #, if applicable)	Location of Item	Dollar Amount	Vendor Description	Date of Payment	Purchase order or Invoice number	Sales Tax Savings
SEMI-ANNUAL PERIOD FROM JULY 1, [] to DECEMBER 31, []						
TOTAL SALES TAX SAVINGS REALIZED DURING THE SEMI-ANNUAL PERIOD FROM JULY 1, [] to DECEMBER 31, []:						
SEMI-ANNUAL PERIOD FROM JANUARY 1, [] to JUNE 30, []						
TOTAL SALES TAX SAVINGS REALIZED DURING THE SEMI-ANNUAL PERIOD FROM JANUARY 1, [] to JUNE 30, []:						
TOTAL SALES TAX SAVINGS REALIZED DURING THE ANNUAL REPORTED PERIOD:						

Certification: I, the undersigned, an authorized officer or principal owner of the Company, hereby certify to the best of my knowledge and belief that all information contained in this report is true and complete. The information reported in this form includes all Company Sales Tax Savings realized by the Company below and its principals, affiliates, tenants, subtenants, contractors, subcontractors and any other person or entity pursuant to the LETTER OF AUTHORIZATION FOR SALES TAX EXEMPTION issued to the Company, and any SALES TAX AGENT AUTHORIZATION LETTER issued to any other person or entity at the direction of the Company, by the Town of Riverhead Industrial Development Agency ("RIDA"). This form and information provided pursuant hereto may be disclosed by RIDA in connection with the administration of the programs by RIDA; and, without limiting the foregoing, such information may be included in reports or disclosure required by law.

Lessee Name: _____

Signature By: _____

Name (print): _____

Title: _____

Date: _____

DRAFT APPLICATION SUMMARY and COST/BENEFIT ANALYSIS

<u>Company:</u> J Kings Realty, Inc/ City Cider House	<u>Informal Presentation to IDA Board:</u> Date presented: 3/2/2015																				
<u>Company Contact:</u> Greg Ferraro John King	<u>IDA Public Hearing Date:</u> Date of hearing 4/6/2015 Resolution # 18-15 Date Adopted 3/6/2015																				
<u>Type of Business:</u> Cider manufacturing and bottling plant with tasting room	<u>Publication of Public Hearing:</u> Date 3/26/2015 Publisher The News Review																				
<u>Employment Estimates:</u> (see page 13 of IDA application) By year two - 6	<u>Company Location:</u> 2711 Sound Avenue Calverton, New York 11933 Project S.C.T.M. # 0600-041.000.0002.003.001 Acreage: 7.14																				
<u>Construction Jobs:</u> 10 Indirect Construction Jobs	<u>Project Costs</u> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: right;">Land</td><td style="text-align: right;">2,875,000</td></tr> <tr><td style="text-align: right;">Acquisition Costs</td><td style="text-align: right;">0.00</td></tr> <tr><td style="text-align: right;">Construction costs</td><td style="text-align: right;">2,625,000.00</td></tr> <tr><td style="text-align: right;">Engineering & Architectural Fees</td><td style="text-align: right;">65,000.00</td></tr> <tr><td style="text-align: right;">Equipment to be Installed</td><td style="text-align: right;">500,000.00</td></tr> <tr><td style="text-align: right;">Legal Fees</td><td style="text-align: right;">50,000.00</td></tr> <tr><td style="text-align: right;">Financial charges</td><td style="text-align: right;">0.00</td></tr> <tr><td style="text-align: right;">Other Fees/Charges</td><td style="text-align: right;">0.00</td></tr> <tr><td style="text-align: right;">Total Project Costs</td><td style="text-align: right;">\$ 6,115,000.00</td></tr> <tr><td style="text-align: right;">Amount of Bond Requested</td><td style="text-align: right;">\$ -</td></tr> </table>	Land	2,875,000	Acquisition Costs	0.00	Construction costs	2,625,000.00	Engineering & Architectural Fees	65,000.00	Equipment to be Installed	500,000.00	Legal Fees	50,000.00	Financial charges	0.00	Other Fees/Charges	0.00	Total Project Costs	\$ 6,115,000.00	Amount of Bond Requested	\$ -
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Amount of Bond Requested	\$ -																				
<u>Project Description:</u> (page 6 of IDA application) Renovation of approximately 25,000 sq ft of 108,178 sq ft of existing vacant warehouse/processing space into manufacturing, bottling, tasting room 25,000 sq ft of 108,178 = 23% of FA	<u>Estimate of Requested Exemptions:</u> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: right;">Current Real Property Taxes</td><td style="text-align: right;">91,261.89</td></tr> <tr><td style="text-align: right;">Current Assessed Value:</td><td style="text-align: right;">544,100.00</td></tr> <tr><td style="text-align: right;">Land assessment</td><td style="text-align: right;">92,800.00</td></tr> <tr><td style="text-align: right;">Improvements</td><td style="text-align: right;">451,300.00</td></tr> <tr><td style="text-align: right;">Total</td><td style="text-align: right;">\$ 544,100.00</td></tr> </table> <u>ESTIMATED EXEMPTIONS:</u> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: right;">Real Property Tax Abatement:</td><td style="text-align: right;">98,744.47</td></tr> <tr><td style="text-align: right;">Sales Tax Exemption:**</td><td style="text-align: right;">133,687.50</td></tr> <tr><td style="text-align: right;">Mortgage Recording Tax Exemption:***</td><td style="text-align: right;">30,082.50</td></tr> <tr><td style="text-align: right;">TOTAL ESTIMATED EXEMPTIONS:</td><td style="text-align: right;">\$ 262,514.47</td></tr> </table>	Current Real Property Taxes	91,261.89	Current Assessed Value:	544,100.00	Land assessment	92,800.00	Improvements	451,300.00	Total	\$ 544,100.00	Real Property Tax Abatement:	98,744.47	Sales Tax Exemption:**	133,687.50	Mortgage Recording Tax Exemption:***	30,082.50	TOTAL ESTIMATED EXEMPTIONS:	\$ 262,514.47		
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TOTAL ESTIMATED EXEMPTIONS:	\$ 262,514.47																				

*See attached calculation

**Calculation is estimated at 40% of const costs plus 100% for equipment x .08625

***Calculation is estimated at 1.05% of value of filed mortgage.

Renovation Costs	2,625,000.00
Projected Filed Mortgage	2,865,000.00

Estimated Exemption Calculation

The following is based upon established tax rates for 2015-2016. Actual rates for subsequent years will vary.

The calculation below is based upon a PILOT calculated using 77% of the improvement assessment and 100% land value at 100% declining over 10 years.

Tax Rates for 2015-2016 per \$1000 of assessed value:

	2015-2016 Rates
Riverhead Central School District with Library	106.559
Riverhead Free Library	3.787
Baiting Hollow Free Library	0.014
Suffolk County General Fund	1.462
Riverhead Town	41.369
Riverhead Highway	8.403
RPT	0.603
MTA	0.045
SC out of city tuition	0.079
Riverhead Fire District	7.446
Total Tax Rate Eligible for Exemption	<u>169.767</u>

Current Assessed Value:

Existing Land and Structures	446,846	
Improvements	105,754	23% of building
Total	<u>552,600</u>	

Exemption Calculation:

	Full Value	Abatement	Rate	Exemption
Base assessment	446,846	0%	169.767	-
Improvements	105,754	100%	169.767	17,953.54
Total	<u>552,600</u>			<u>17,953.54</u>

	EXEMPTION	
YEAR 1	100%	17,953.54
YEAR 2	90%	16,158.19
YEAR 3	80%	14,362.83
YEAR 4	70%	12,567.48
YEAR 5	60%	10,772.12
YEAR 6	50%	8,976.77
YEAR 7	40%	7,181.42
YEAR 8	30%	5,386.06
YEAR 9	20%	3,590.71
YEAR 10	10%	1,795.35
TOTAL 10 YR		<u>98,744.47</u>

Total Exemption Average over ten year period: 98,744.47

Special District taxes 1 yr 2,334.74