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 INSTRUMENT #: 2025-3651

Total: 0.00
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Receipt#: 2025301106
 Clerk: WW
 Rec Date: 10/23/2025 02:09:17 PM
 Doc Grp: D
 Descrip: AGREEMENT
 Num Pgs: 42
 Rec'd Frm: ESSEX COUNTY IDA

Party1: LUCKY CATS HOSPITALITY GROUP
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PROJECT AGREEMENT

Between

LUCKY CATS HOSPITALITY GROUP, LLC

and

ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Dated October 2, 2025

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 Exhibit A-2 – Description of the Building
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PROJECT AGREEMENT

THIS PROJECT AGREEMENT, dated as of October 2, 2025 (the “Agreement”), is between the ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY (the “Agency”), a public benefit corporation of the State of New York (the “State”), duly organized and existing under the laws of the State, with principal offices located at 7566 Court Street, Elizabethtown, New York 12932, and LUCKY CATS HOSPITALITY GROUP, LLC, a limited liability company (the “Company”), with principal offices located at 6691 Main Street, Westport, New York 12993.

WITNESSETH

WHEREAS, the New York State Industrial Development Agency Act (the “Enabling Act”, hereinafter defined), constituting Title 1 of Article 18-A of the General Municipal Law, authorizes and empowers industrial development agencies to promote the economic welfare and prosperity of the inhabitants within the community, including the County of Essex, New York (the “County”), to actively promote, attract, encourage and develop economically sound commerce and industry within the County, and to make and execute straight-lease agreements, security documents, and other contracts and instruments necessary or convenient in the exercise of such powers; and in order to fulfill those purposes the Agency desires to facilitate the Project (hereinafter defined); and

WHEREAS, pursuant to and in accordance with the provisions of the Act, the Agency was established by Chapter 563 of the Laws of 1973 of the State of New York (Section 914-a, Title 2 of Article 18-A of the General Municipal Law, as heretofore amended and supplemented) for the benefit of Essex County and the inhabitants thereof; and

WHEREAS, the Project will consist of (1) the acquisition of an interest in an approximately 0.82 acre parcel of land constituting tax map parcel 66.56-1-25 and located in the Town of Westport, New York (the “Land”), (2) the reconstruction, renovation and improvements of the former Westport Hotel located at 6691 Main Street, Westport in the County of Essex, New York, 12993 into a new boutique hotel consisting of four contemporary hotel suites, a restaurant, speakeasy bar and event space, including upgrades to utilities (the “Facility”), (3) the acquisition and installation of various machinery, equipment and furnishings for the Facility, including substantial rehabilitation (the “Equipment”), and (4) certain necessary preliminary and incidental expenses related thereto (the Facility, the Land and the Equipment hereinafter collectively referred to as the “Project”) to be leased to the Company by the Agency pursuant to that certain Agency Lease dated the date hereof (the “Agency Lease”); and

WHEREAS, the Company has represented that the Project is expected to maintain or increase employment in the County and has made additional factual representations concerning itself and the Project upon which the Agency is relying in entering into this Agreement; and the provision by the Agency of financial assistance, including New York State sales and use tax and real property tax in the form of a PILOT (as further described in Exhibit C attached hereto), to the Company through a straight-lease transaction has been determined to be necessary in order for the Project to be economically viable; and if the Agency does not provide such financial assistance, the Company could not feasibly proceed with the Project; and

WHEREAS, to facilitate the Project, the Agency and the Company have entered into negotiations to execute and deliver a “straight-lease transaction” within the meaning of Section 854 (15) of the Act in which the Company will lease the Project to the Agency upon the terms and conditions hereinafter set forth in the Company Lease Agreement, and the Agency will lease the Project to the Company upon the terms and conditions set forth in the Agency Lease, and in furtherance of such purposes, on October 9, 2024 (“Inducement and Authorization Date”) the Agency took official action with respect to the Leased Property, authorizing the undertaking of the Project, and on March 26, 2025, the Agency adopted an Resolution with respect to the straight-lease transaction for the benefit of the Company with respect to the Project; and

WHEREAS, the Project is owned by the Company, but deemed under the control of the Agency pursuant to the Company Lease Agreement and the Agency Lease for purposes of providing the benefits of the Act to the Company.

NOW, THEREFORE, in consideration of these premises and the mutual covenants contained herein, and in order for the Agency and the Company to provide benefits to the Agency’s residents, the parties hereto covenant, agree and obligate themselves as follows; provided that no covenant, agreement or obligation of the Agency under this Agreement, the Company Lease Agreement or the Agency Lease shall ever constitute a general debt or obligation of the Agency, the County or the State with respect to the Project;

ARTICLE I DEFINITIONS

Section 1.1 Definitions. In addition to the words and terms defined or capitalized in the recitals of this Agreement and elsewhere herein, the following words and terms shall have the respective meaning set forth below unless the context otherwise requires:

“Act” means the New York State Industrial Development Agency Act, constituting Chapter 1030 of the Laws of 1969 of the State of New York (Title 1 of Article 18-A of the General Municipal Law) and Chapter 563 of the Laws of 1973 of the State of New York (Section 914-a, Title 2 of Article 18-A of the General Municipal Law, as heretofore amended and supplemented).

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

“Agency” means the Essex County Industrial Development Agency, a governmental agency and instrumentality constituting a public benefit corporation of the State, and its successors and assigns.

“Agency Lease” means the agreement between the Agency and the Company pursuant to which the Agency will lease the Project to the Company for the Lease Term.

“Agreement” means this Project Agreement, dated the date hereof, by and between the Agency and the Company.

“Authorized Agency Representative” means the person at the time designated to act on behalf of the Agency by a written certificate furnished to the Company containing the specimen signature of such person and signed on behalf of the Agency by its Chairman or Vice Chairman. Such certificate may designate an alternate or alternates.

“Authorized Company Representative” means the person at the time designated to act on behalf of the Company by a written certificate furnished to the Agency containing the specimen signature of such person and signed on behalf of the Company by an authorized officer of the Company. Such certificate may designate an alternate or alternates.

“Building” means that certain building to be renovated and or constructed in the Town of Westport, New York, and as described in the recitals of this Agreement and constituting a part of the Project.

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

“Closing” means October 2, 2025 or such later date the Company Documents are executed and delivered.

“Commencement Date” means the date this Agreement was executed and delivered.

“Company” means Lucky Cats Hospitality Group, LLC, a New York limited liability company, organized and existing under the laws of the State of New York, its successors and assigns, and any surviving, resulting or transferred corporation or other entity, or Affiliate.

“Company Documents” means this Agreement, the Company Lease Agreement, the Agency Lease, and any other document related thereto to which the Company is a party.

“Company Lease Agreement” means the agreement between the Company and the Agency pursuant to which the Company will lease the Land together with the Facility to the Agency for the Lease Term.

“County” means the County of Essex, a municipality and political subdivision of the State.

“Equipment” means the personal property but not building fixtures located in the Project.

“Exempt Property” means only tangible personal property conveyed to or acquired by the Agency in connection with the Project on or before the end of the termination of this Agreement at the end of the Lease Term, in accordance with Section 10.7 hereof.

“Fixed Termination Date” means October 2, 2035, as such date may be extended pursuant to Article X.

“Force majeure” includes, without limiting the generality of such term, acts of God, strikes, lockouts, or other industrial disturbances; acts of public enemies; orders of any official of the government of the United States of America or of any State or of any of their departments, agencies or officials, or of any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraints of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; a national health pandemic or any other cause or event not reasonably within the control of the Company.

“Independent Accountant” means an independent certified public accountant or firm of independent certified public accountants selected by the Company and approved by the Agency.

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

“Inducement and Authorization Date” means October 9, 2024.

“Inducement Resolution” means the resolution of the board of directors of the Agency adopted on October 9, 2024.

“Leased Property” means the property that is subject to the Lease by the Company to the Agency pursuant to the Company Lease, dated as of October 2, 2025.

“Lease Term” means the period commencing from the date of this Agreement to the Fixed Termination Date or such earlier date as provided in Section 5.1 of the Company Lease Agreement.

“Net Proceeds” when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection thereof.

“Permitted Encumbrances” means there are no permitted encumbrances with respect to the Agency’s interest in the Agency Lease and the Company Lease Agreement; Permitted Encumbrances with respect to the Project and the Company are “Permitted Encumbrances” as such term is defined in the Agency Lease.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof or other entity.

“Prime Rate” means the rate of interest per annum announced from time to time by Bank of America as its prime rate (whether or not such rate is actually charged by such bank), or if such bank no longer announces a prime rate, then the prime rate published in The Wall Street Journal (or if not published therein, in another nationally recognized publication selected by the parties), as the base rate on corporate loans posted by leading U.S. banks.

“Project” has the meaning provided in the recitals of this Agreement.

“Resolution” means the final approving resolution of the Agency adopted on March 26, 2025.

“Sales Taxes” means any tax(es) imposed by Article 28 of the New York Tax Law, as the same may be amended from time to time.

“State” means the State of New York.

“Unrented Space” means space in the Project which, at the time in question, is not (or has not been previously) subject to a bona fide sublease to a permitted subtenant or to an Affiliate of the Company.

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties by the Agency. The Agency hereby represents and warrants that:

(a) The Agency is a governmental agency and instrumentality constituting a body corporate and politic and a public benefit corporation of the State duly created and existing pursuant to the Act.

(b) The Agency has a leasehold interest to the Land subject only to the Permitted Encumbrances. Under the provisions of the Act, the Agency has full power and authority to enter into this Agreement and the Agency Lease and to perform its obligations hereunder and thereunder.

(c) Neither the execution and delivery of this Agreement and the Agency Lease, nor the performance of the obligations under or consummation of the transactions contemplated by this Agreement or the Agency Lease, violates or will violate any law or governmental order, conflicts or will conflict with any material term or provision of any agreement or instrument to which the Agency is a party or by which it is bound, or constitutes or will constitute a material breach of or default under any such agreement or instrument.

(d) The Agency finds, based on the information provided by the Company in the application requesting financial assistance dated August 15, 2024 (the “Application”) submitted by the Company to the Agency, that without the financial assistance from the Agency, the Facility would not be built in the State and that the acquisition and construction of the Project will further the public purposes of the Act for which the Agency was created by promoting economically sound industry for the purpose of creating employment and preventing unemployment and economic deterioration.

(e) The Agency will maintain the Agency Lease free and clear of liens and encumbrances during the Lease Term.

The Agency makes no warranty, either express or implied, as to the actual or designated capacity of the Project, as to the suitability of the Project for the purposes of this Agreement, as to the condition of Project, or that the Project will be suitable for the Company's purposes or needs.

Section 2.2 Representations and Warranties by the Company. The Company hereby represents and warrants that:

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State, has full power and authority to enter into this Agreement and the Company Documents and to perform its obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Agreement and the Company Documents on its behalf.

(b) There is no action or proceeding pending or, to the actual knowledge of the Company, threatened against the Company before any court or administrative agency that adversely affects the ability of the Company to perform its obligations under this Agreement or the Company Documents. Neither the execution and delivery of this Agreement or the Company Documents, nor the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions hereof, conflicts or will conflict with, or results or will result in a breach of the terms, conditions, or provisions of any company restriction or of any court or governmental agency, or any agreement or instrument to which the Company is now a party or by which it is presently bound, or constitutes or will constitute a default under any of the foregoing.

(c) The Company intends to operate the Project in accordance with this Agreement and as a qualified "project" in accordance with and as defined in the Act, from the start of the Lease Term to the expiration or earlier termination of the Lease Term.

(d) The Land is owned free and clear in fee simple title by the Company prior to entering into the Company Lease Agreement with the Agency, except for Permitted Encumbrances.

(e) To the best knowledge of the Company, the operation of the Project in the manner contemplated by this Agreement will not conflict with any zoning, building, environmental, safety or other regulations and requirements of governmental authorities applicable thereto. The Company has caused the Project to be designated in accordance with all such regulations and requirements, which the Company believes to be applicable thereto.

(f) The real estate and other fixed assets of the Company constituting the Project are subject to no mortgage or lien except for Permitted Encumbrances.

(g) The Company has no material liabilities, direct or contingent, except those disclosed in this Agreement which materially adversely affects or in the future may materially adversely affect the business, operations, properties or assets of the Company, which have not been set forth herein or in a document, certificate or other writing delivered to the Agency prior to the commencement of the Lease Term.

(h) Except in the normal course of the business, the Company has not made any investments in, advances to, or guarantees of, the obligations of any company, individual or other entity outstanding other than those disclosed to the Agency.

(i) The Company has filed all required Federal, State and local tax returns as they have become due and no claims have been assessed by any Federal, State or local authorities with respect to such taxes.

(j) None of the representations delivered by the Company pursuant to this Agreement nor any representation of the Company contained in any other document, certificate or statement furnished to the Agency, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading.

(k) The financial assistance (within the meaning of the Act) provided by the Agency to the Company through the straight-lease transaction (within the meaning of the Act) as contemplated by this Agreement is reasonably necessary to induce the Company to proceed with the Project.

(l) No person other than the Company and a permitted subtenant permitted hereunder (or an assignee or subtenant of a permitted subtenant) is or will be in use, occupancy or possession of any portion of the Project during the term of this Agreement.

(m) The transaction contemplated by this Agreement will not result in the removal of any property, plant or facility of the Company or any other occupant or user of the Project from one area of the State (but outside of the County) to within the County or in the abandonment of one or more facilities or plants of the Company or any other occupant or user of the Project located within the State (but outside of the County). The Company will not lease any Unrented Space in the Project to any permitted subtenant relocating from within the State without the prior written consent of the Agency granted in accordance with Section 4.7 hereof. The foregoing shall survive the termination of this Agreement unless and until (i) there is no Unrented Space in the Project, or (ii) all Benefits (hereinafter defined) subject to recapture under Section 7.4 hereof have been recaptured, whichever shall first occur. Without the financial assistance from the Agency the Company would have located the Facility outside of the State.

(n) Undertaking the Project will serve the public purposes of the Act by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State.

(o) This Agreement and the other Company Documents constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms.

(p) The Application requesting financial assistance is true, correct and complete in all material respects.

(q) The Company has complied with the requirements of the State Environmental Quality Review Act, as amended (Article 8 of the Environmental Conservation

Law of the State) and all regulations promulgated thereunder, and the Company is not the subject of a consent order, investigation or inquiry by the State Department of Environmental Conservation with respect to the Project or other assets of the Company.

(r) Upon the completion of the construction of the Project, the Company will obtain a valid certificate of occupancy and any other permits required by any governmental agency or regulatory body having jurisdiction.

ARTICLE III TRANSFER TO AGENCY; TRANSFER TO COMPANY

Section 3.1 Transfer to Agency. The Company has or will transfer, or will cause to be transferred, to the Agency the Company's interest in the Land pursuant to the Company Lease Agreement.

Section 3.2 Transfer to Company. The Agency has simultaneously with the transfer of the Land referred to in Section 3.1 of this Agreement, transferred the Project to the Company pursuant to and subject to the Agency's interest in and rights under the Agency Lease.

Section 3.3 Rental Payments. The Agency, as lessee, hereby agrees to pay to the Company, as lessor under the Company Lease Agreement, (i) an initial payment in the amount of \$1.00 to be paid at Closing on the date thereof and (ii) lease rentals for the Project in an amount equal to One Dollar (\$1.00) per annum during the Lease Term.

ARTICLE IV THE PROJECT

Section 4.1 Costs and Expenses Related to the Agreement. The Company shall pay (i) all of the reasonable costs and expenses in connection with the preparation of this Agreement and memoranda thereof, the delivery thereof and of any instruments and documents relating thereto and the filing and recording of any such memoranda or other instruments or documents, if required, and (ii) all shipping and delivery charges and other expenses or claims incurred in connection with the Project.

Section 4.2 Condition of Project. (a) During the term of this Agreement, the Company will keep the Project in good and safe operating order and condition, ordinary wear and tear excepted, and will make or cause to be made all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) reasonably necessary to ensure the continuity of the operation of the Company's business at the Leased Property. All replacements, renewals and repairs shall be comparable in quality and class to the original work and be made and installed in compliance with the applicable requirements of all governmental bodies. The Agency shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Project, to effect the replacement of any inadequate, obsolete, worn-out or unsuitable parts of the Project, or to furnish any utilities or services for the Project; and the Company hereby assumes full responsibility therefor.

(b) The Company shall have the right to make such alterations, replacements or additions to the Project or any part thereof from time to time as it in its sole discretion may determine to be desirable, provided that (i) such additions or alterations are effected with due diligence, in a good and workmanlike manner and in compliance with all applicable legal requirements, and (ii) such additions or alterations are promptly and fully paid for by the Company in accordance with the terms of the applicable contract(s) therefor, and in order that the Project shall at all times be free of any mortgage, lien, charge, encumbrance, security interest or claim other than Permitted Encumbrances.

Section 4.3 Limitation on Sales Tax Exemption. (a) Any exemption from Sales Taxes resulting from or occasioned by the Agency's involvement with the Project shall be limited to purchases of Exempt Property effected by the Company as agent for the Agency, it being the intent of the parties that no operating expenses of the Company and no purchases of equipment or other personal property (other than Exempt Property) shall be subject to an exemption from Sales Taxes because of the Agency's involvement with the Project. The Company acknowledges and represents that it is familiar with the laws of the State as applicable to Sales Taxes and it understands that a failure to comply with such applicable law (or with the terms and conditions of this Agreement) may result in the loss by the Company of the exemption from Sales Taxes and other benefits hereunder.

(b) The Company covenants and agrees that after the date hereof it shall include the following language (through an attached rider or otherwise) in and as part of each contract, invoice, bill or purchase order entered into by the Company for Exempt Property as agent for the Agency in connection with the Project:

“This contract is being entered into by Lucky Cats Hospitality Group, LLC, a New York limited liability company (the “Company”), in its capacity as agent for and on behalf of the Essex County Industrial Development Agency (the “Agency”) in connection with a certain project of the Agency, consisting of the acquisition and construction of the facilities therein (the “Project”), such Project to be located in the Town of Westport, New York. The capital improvements, materials, machinery, equipment, trade fixtures, furniture, furnishings and other tangible personal property to be used for the Project which is the subject of this contract, agreement, invoice, bill or purchase order shall be exempt from the sales and use tax levied by the State of New York, and the County of Essex, if any, provided that the Company must provide vendors with a completed Form ST-123 (IDA Agent or Project Operator Exempt Purchase Certificate) for all purchases intended to be exempt from State and local sales and use taxation, and the Company hereby represents that this contract, agreement, invoice, bill or purchase order is in compliance with the terms of the IDA Agent or Project Operator Exempt Purchase Certificate. By execution or acceptance of this contract, agreement, invoice, bill or purchase order, the vendor, contractor or supplier hereby acknowledges the terms and conditions set forth in this paragraph.”

If the Company shall fail to include, incorporate by reference or otherwise cause any new contract, agreement, invoice, bill or purchase order entered into after the date hereof to be, together with the vendor or contractor, subject to the above applicable language in substantially

the above form, such contract, invoice, bill or purchase order shall not be an undertaking on behalf of the Agency and shall not be entitled to any of the benefits able to be conferred by the Agency, and the Company shall not claim any sales or use tax benefits or exemptions with respect to any such contract, invoice, bill or purchase order and the Company shall return to the Agency any such benefits or exemptions so taken, together with interest on such amount at the Prime Rate plus three percent (3%) per annum, from the date of such taking.

(c) The sales and use tax exemption to be provided, subject to submission of a completed Form ST-123 (IDA Agent or Project Operator Exempt Purchase Certificate):

(i) shall not be available for payment of any costs other than the costs of the Project, or for any items personally other than those items located, or to be located, at the Project site;

(ii) shall only be utilized for items of Exempt Property which shall be purchased, completed or installed for incorporation into or use (A) at the Project, and (B) solely by the Company and its Affiliates and, subject to the further limitations set forth in subparagraph “(v)” below, by a permitted subtenant (and not with any intention to sell, transfer or otherwise dispose of any such items of Exempt Property to a Person as shall not constitute the Company or an Affiliate or a permitted subtenant);

(iii) shall be available only for the purchase of tangible personal property having a useful life of not less than one year and which is capable of being capitalized in accordance with generally accepted accounting principles as a capital expenditure;

(iv) shall not be available for the purchase of (A) rolling stock, (B) computer equipment or software (except such as are required for the Building management office or for the operation of Building systems such as HVAC, fire alarms, or elevators), (C) fine art, objets d’art or other similar decorative items, (D) electricity, gas, fuel oil and other utilities, or (E) maintenance or cleaning services or supplies; and;

(v) shall not be available subsequent to the termination of this Agreement.

In the event that the Company shall utilize the sales or use tax exemption authorization provided in violation of the provisions of this Section 4.3(c), the Company shall promptly deliver notice of same to the Agency, and the Company shall, upon demand by the Agency, pay to the Agency a return of sales or use tax exemptions in an amount equal to all such unauthorized sales or use tax exemptions together with interest at the Prime Rate plus three percent (3%) per annum 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 Company.

(d) The Company shall annually file a statement with the New York State Department of Taxation and Finance, on a form and in a manner and consistent with such regulations as are or may be prescribed by the Commissioner of the New York State Department

of Taxation and Finance, of the value of all sales and use tax exemptions claimed by the Company or agents of the Company in connection with the Project and the Leased Property as required by Section 874(8) of the New York State General Municipal Law (as the same may be amended from time to time), including, but not limited to, consultants or subcontractors of such agents, under the authority granted pursuant to this Agreement. The Company shall furnish a copy of such annual statement to the Agency at the time of filing with the Department of Taxation and Finance. The sales tax exemption shall not be granted by the Agency unless the Company shall have completed and submitted to the Agency Form ST-340 in the form provided by the Tax Department. In addition, the Company shall not permit any sub-contractor or sub-agent to avail itself of the sales tax exemption until the Company shall have submitted to the Agency a completed Form ST-340 in respect to such sub-contractor or sub-agent. Should the Company fail to comply with the foregoing requirement, the Company shall immediately cease to be the agent for the Agency in connection with the Project (such agency relationship being deemed to be immediately revoked) without any further action of the parties, the Company shall be deemed to have automatically lost its authority as agent of the Agency to purchase and/or lease Exempt Property in the Agency's behalf, and shall desist immediately from all such activity. Nothing herein shall be construed as a representation by the Agency that any property acquired as part of the Project is or shall be exempt from sales taxes or use taxes under the laws of the State. At the time of execution of this Agreement, the Company shall deliver to the Agency copies of all such annual reports filed with the Department of Taxation and Finance prior to the Commencement Date.

Section 4.4 Taxes, Assessments and Charges. The Company shall pay all other taxes which are required to be paid by the tenant (a) under this Agreement and (b) by law (all such taxes shall hereinafter be referred to as "Impositions"). The Agency shall promptly forward to the Company any notice, bill or other statement received by the Agency concerning any Imposition. The Company may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

Section 4.5 Indemnity. (a) The Company shall at all times protect and hold the Agency and any director, member, officer, employee, servant or agent thereof and persons under the Agency's control or supervision (collectively, the "Indemnified Parties" and each an "Indemnified Party") harmless of, from and against any and all claims, demands, expenses (including attorney's fees and expenses) and liabilities for losses, damage, injury and liability of every kind and nature and however caused, and taxes (of any kind and by whomsoever imposed, excluding personal and corporate income taxes in respect of payments received by the Agency under the Company Documents), other than, with respect to each Indemnified Party, losses arising from the gross negligence or willful misconduct of such Indemnified Party, arising upon or about the Project or resulting from, arising out of, or in any way connected with (i) the financing of the costs of the Project, (ii) the planning, design, acquisition, site preparation, construction, renovation, equipping, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Leased Property, (iii) any defects (whether latent or patent) in the Project, (iv) the maintenance, repair, replacement, restoration, rebuilding, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Project or any portion thereof, or (v) the execution and delivery by the Company of, or performance by the Company of, any of its obligations under this Agreement or any other Company Document or any other document or instrument delivered in connection herewith or therewith or the enforcement of any

of the terms hereof or thereof or the transactions contemplated hereby or thereby. The Indemnified Parties, jointly or severally, shall not be liable for any damage or injury to the person or property of the Company or its respective directors, officers, partners, employees, agents or servants or persons under the control or supervision of the Company or any other Person who may be about the Project, due to any act or negligence of any Person other than, with respect to any Indemnified Party, the gross negligence or willful misconduct of such Indemnified Party.

(b) The Company releases the Indemnified Parties from, and agrees that the Indemnified Parties shall not be liable for and agrees to indemnify and hold the Indemnified Parties harmless against any expense, loss, damage, injury or liability incurred because of any lawsuit commenced as a result of action taken by any Indemnified Party with respect to any of the matters referenced above, absent gross negligence or willful misconduct. Each Indemnified Party, as the case may be, shall promptly notify the Company in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Company pursuant to this Section 4.5 such notice shall be given in sufficient time to allow the Company to defend or participate in such claim or action, but the failure to give such notice in sufficient time, absent gross negligence or willful misconduct, shall not constitute a defense hereunder nor in any way impair the obligations of the Company under this Section 4.5.

(c) In addition to and without limitation of all other representations, warranties and covenants made by the Company under this Agreement, the Company further represents, warrants and covenants that the Company has not used Hazardous Materials (hereinafter defined) on, from, or affecting the Project in any manner which violates Federal, state or local laws, ordinances, rules, regulations, or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and that, to the best of the Company's knowledge no prior owner of the Project or any tenant, subtenant, prior tenant or prior subtenant have used Hazardous Materials on, from or affecting the Leased Property in any manner which violates Federal, state or local laws, ordinances, rules, regulations or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials. The Company shall, during the term of this Agreement (and for so long as both the Agency and the Company shall maintain an interest in the Project), to the extent required by applicable law, keep or cause the Project to be kept free of Hazardous Materials. Without limiting the foregoing, during the term of this Agreement (and for so long as both the Agency and the Company shall maintain an interest in the Project) 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, except in compliance with all applicable Federal, state and local laws or regulations, nor shall the Company cause or permit, as a result of any intentional or unintentional act or omission on the part of the Company or any tenant or subtenant, a release of Hazardous Materials onto the Project or onto any adjoining property. During the term of this Agreement (and for so long as both the Agency and the Company shall maintain an interest in the Project), the Company shall comply with and use its best efforts to ensure compliance by all 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 use its best efforts to ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder;

provided, however, that if any such tenant or subtenant shall be an Affiliate of the Company, the obligation of the Company with respect to such Persons shall be absolute and not limited to best efforts. During the term of this Agreement (and for so long as both the Agency and the Company shall maintain an interest in the Project), the Company shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions required by applicable law to clean up and remove all Hazardous Materials, on, from, or affecting the Project (y) in accordance with all applicable Federal, state and local laws, ordinances, rules, regulations, and policies, and (z) in accordance with the orders and directives of all Federal, state and local governmental authorities. The obligation of the Company to defend, indemnify, and hold harmless each Indemnified Party under Section 4.5(a) shall extend to 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, (w) the presence, disposal, release, or threatened release of any Hazardous Materials which are on, from, or affecting the Project, (x) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (y) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or (z) 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 including, without limitation, reasonable attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. For purposes of this paragraph, "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§ 1801 *et seq.*), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 6901 *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 paragraph shall be in addition to any and all other obligations and liabilities the Company may have to any Indemnified Party at common law, and shall survive the termination of this Agreement.

(d) For the purposes of this Section 4.5, the Company shall not be deemed an employee, agent or servant of the Agency or a person under the Agency's control or supervision.

(e) To effectuate the purposes of this Section 4.5, the Company will provide for and insure, in the public liability policies required in this Agreement, not only its own liability in respect of the matters therein mentioned but also the liability pursuant to this Section by naming the Agency as an additional insured under such policies. Anything to the contrary in this Agreement notwithstanding, the covenants of the Company contained in this Section 4.5 shall survive and remain in full force and effect after the termination of this Agreement.

Section 4.6 Compensation and Expenses of the Agency. The Company will pay the reasonable fees, costs and expenses of the Agency together with any fees and disbursements incurred by counsel and special transaction counsel to the Agency in performing services for the Agency in connection with this Agreement or any other Company Document. All fees, costs and

expenses of the Agency, counsel for the Agency and special transaction counsel to the Agency will be paid in the invoice amount presented to the Company by or on behalf of the Company at the Closing by federal funds wire transfer to the account designated by the payee.

Section 4.7 Retention of Interest in Leases. The Agency shall not sell, assign, encumber (other than for Permitted Encumbrances), convey or otherwise dispose of its interest in the Company Lease Agreement or the Agency Lease or any part thereof during the term of this Agreement, without the prior written consent of the Company and any purported disposition without such consent shall be void.

Section 4.8 Financial Statements; No-Default Certificates.

(a) The Company agrees to furnish to the Agency, upon request therefor by the Agency, a copy of the most recent fiscal year annual report of the Company and its subsidiaries (including, if set forth in the Company's annual report, balance sheets as at the end of such most recent fiscal year and the related statements of income, earnings, retained earnings and changes in financial position) for such fiscal year, prepared in accordance with generally accepted accounting principles and practices, certified by an Independent Accountant.

(b) The Company shall deliver to the Agency on January 1 of each year beginning after the Commencement Date (i) a certificate of an Authorized Representative of the Company as to whether or not, to the knowledge of such Authorized Representative after due inquiry, as of the close of the immediately preceding calendar year, and at all times during such year, the Company was in compliance with all the provisions which relate to the Company in this Agreement and in any other Company Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he or she shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default hereunder, and any action proposed to be taken by the Company with respect thereto; (ii) a certificate of an Authorized Representative of the Company that the insurance it maintains complies with this Agreement, that such insurance has been in full force and effect at all times during the preceding calendar year, and that duplicate copies of all policies or certificates thereof have been filed with the Agency and are in full force and effect; and (iii) an affidavit of an Authorized Representative of the Company swearing that, through the date thereof, all costs for which the Company has obtained sales tax exemptions were proper costs of the Project. Upon request by the Agency, cost invoices as to each purchase referred in the affidavit described in the preceding clause "(iii)" shall be made available to the Agency for inspection. In addition, upon twenty (20) Business Days' prior request by the Agency, the Company will execute, acknowledge and deliver to the Agency a certificate of an Authorized Representative of the Company either stating that to the knowledge of such Authorized Representative after due inquiry, no default under or breach of any of the terms hereof which, with the passage of time or the giving of notice or both would constitute an Event of Default hereunder, exists or specifying each such default or breach of which such Authorized Representative has knowledge.

(c) The Company shall immediately notify the Agency of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Company Document of which it has knowledge. Any notice required

to be given pursuant to this subsection shall be signed by an Authorized Representative of the Company and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Company shall state this fact on the notice.

Section 4.9 Further Assurances. The Company will do, execute, acknowledge and deliver 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 the Agency reasonably deems necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Agency hereunder.

Section 4.10 Further Encumbrances. The Company shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against the Project or any part thereof, or the interest of the Company in the Project or this Agreement, except for the Permitted Encumbrances.

ARTICLE V MAINTENANCE OF PROJECT; TAXES AND INSURANCE

Section 5.1 Quiet Enjoyment of Project. The Company covenants with the Agency that so long as the Agency observes and performs the terms, conditions, and covenants in the Company Lease Agreement, the Agency shall have during the Lease Term, sole and exclusive possession of its leasehold interest in the Land and Facility, subject to the Company's interests pursuant to the Agency Lease.

Section 5.2 Maintenance and Repair. Except to the extent otherwise permitted or contemplated by this Article of this Agreement, the Company, at the Company's expense, will maintain, preserve and keep the Project and appurtenances thereto (a) in good repair, working order and condition, (b) in reasonably safe condition as its operations will permit, and (c) in compliance with all Federal, State and local laws, rules, regulations, court decisions and administrative orders which appertain to the Project.

Section 5.3 Current Expenses. The Company shall pay or cause to be paid, all costs of maintaining and operating the Project including, without limitation, all taxes or payments in lieu of taxes, excises and other governmental charges lawfully levied against the Project or with respect to the interest of the Company in the Project or to the use of the Project. It shall not be a breach of this Section 5.3 if the Company fails to pay any such taxes or charges during any period in which the Company is in good faith contesting the validity or the applicability thereof to the Project, unless the procedures applicable to contesting such proceedings are for a refund or abatement

Section 5.4 Discharge of Liens. (a) If any lien, encumbrance or charge is filed or asserted, except for Permitted Encumbrances, or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such liens, encumbrances, charge, judgments, decrees, orders, levies, processes and claims being herein collectively called "Liens"), whether or not valid, is made against the Project or any part thereof or the interest therein of the Agency or the Company as their respective interests may appear, the

Company forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) at its expense shall give notice thereof to the Agency and take all action as may be necessary or appropriate to obtain the discharge in full thereof and to remove or nullify the basis thereof. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the Agency for the performance of any labor or service or the furnishing of any materials that would give rise to any Lien against the interests of the Agency in the Project.

(b) The Company may at its sole expense contest after prior written notice to the Agency by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part of any Lien, if such proceeding shall suspend the execution or enforcement of such Lien against the Project or any part thereof or interest therein of the Agency or the Company or against any of the installments or other amounts payable under this Agreement.

Section 5.5 Insurance Required. Throughout the Lease Term, the Company will maintain or cause to be maintained at its sole cost and expense, with one or more financially sound and reputable insurers authorized to do business in the State, insurance with respect to the Project against loss, damage or public liability claims (including worker's compensation claims) of the kind customarily insured against by corporations of established reputation engaged in similar businesses, including insurance protecting against fire, lightning and other casualties to be insured against as required by the Agency and broad form extended coverage covering malicious perils and "all-risk of physical loss" endorsements, and otherwise in such types and amounts as are customarily carried under similar circumstances by such other corporations, subject to a deductible amount not exceeding \$25,000.00. In lieu of separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies of the Company. The Company shall submit insurance policies or proof of insurance to the Agency, at the start of the Lease Term and within ten (10) days of obtaining such insurance subsequent to the start of the Lease Term.

All proceeds of insurance against Project damage shall be made payable to the Company or the Agency, as their respective interests may appear. Anything herein to the contrary notwithstanding, the Company shall have the right to settle all claims under any insurance policy referred to in this Agreement without the consent of the Agency.

The Company releases the Agency from, agrees that the Agency shall not be liable for, and agrees to indemnify and hold harmless the Agency, from any liability for any loss or damage to Project or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project (except as may arise through the gross negligence or willful misconduct of the Agency).

Section 5.6 Title Insurance. The Company will promptly obtain or cause to be obtained insurance on the title of the Project issued by a qualified title insurance company which title insurance shall continue in effect for the Lease Term, showing the Company as the fee owner of the Project and the Agency's interest in the Company Lease Agreement, subject to the Permitted Encumbrances.

Section 5.7 Liability. The Net Proceeds of the insurance carried pursuant to the provisions of Section 5.5 hereof, to the extent it relates to public liability insurance or worker's compensation insurance, shall be applied toward the extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 5.8 Damage or Destruction. Immediately after the occurrence of any damage or destruction to the Project, the Company shall determine whether rebuilding, repairing or restoring such damage or destruction is practicable and desirable. Any Net Proceeds of insurance received in respect of such damage or destruction may be used by the Company for payment of the costs of such rebuilding, repairing or restoring the Project.

Section 5.9 Condemnation. In the event that title to or use of the Project, or any part thereof, shall be taken in condemnation or by the exercise of the power of eminent domain by any governmental body or by any person acting under governmental authority, any proceeds from any award or awards in respect of the Project made in such condemnation or eminent domain proceedings shall during the Lease Term, after payment of all expenses incurred in connection therewith, be paid to the Company. If only part of the Project is taken in condemnation or by exercise of the power of eminent domain as provided in this Section 5.9, the Company may elect to apply the proceeds from such award in the manner prescribed in Section 5.8 hereof with respect to insurance proceeds.

ARTICLE VI SALE, ASSIGNMENT AND SUBLETTING

Section 6.1 Assignment and Subletting. Except as otherwise provided herein and in this Section 6.1, this Agreement may not be assigned by any party without the express written consent of the others, nor may the Company sublease the Project except for subleases, the form of which shall be acceptable to the Agency.

(a) The Company may not sell or assign its interest in the Project or this Agreement, or sublease all or substantially all of the Project in whole to a single subtenant unless:

(i) the sale, sublease or assignment shall not cause the Project to cease being a "project" under the Act;

(ii) in the case of a transfer of the Company's entire right, title and interest in the Project, the transferee shall have assumed all of the obligations of the Company under this Agreement, including the obligation to utilize the Project as a qualified "project" within the meaning of the Act;

(iii) the use or occupation of the Project by the transferee, assignee or sublessee shall not cause the Project or the Agency to be in violation of any of the prohibitions contained in §862 of the General Municipal Law;

(iv) the Company shall provide to the Agency a copy of the proposed contract of sale, sublease or assignment in substantially final form no later than 20 days before the proposed transfer or commencement date; and

(v) the Company has received no objection from the Agency; and

(b) Provided that the conditions set forth in subsections (a)(i) through (a)(v) above are satisfied, the Agency shall not object to a sale or assignment of the Company's interest in the Project or this Agreement, or a sublease of all or substantially all of the Project, to an entity which is reasonably capable of performing the obligations of the Company under the Company Documents (including, without limitation, all fixed, contingent and potential monetary obligations).

(c) Except as otherwise set forth in subsections (a) and (b) above, the Company shall have the right to sublet any space within the Building without the consent of the Agency so long as (i) the Agency is not in violation of §862, subd. 1, of the Act (or, if the tenant is relocating from within the County of Essex, would cause the Agency to be in violation of §862, subd. 1,) of the Act, and (ii) the Project continues to be used as a "project" under the Act.

(d) Notwithstanding anything hereinbefore provided to the contrary, any change or transfer of voting or other control of the Company or any person it controls, or any person which controls the Company or any person under common control with the Company, or any change in the Company due to a demutualization, conversion to a stock company, conversion to a public company, or similar conversion, shall not be deemed to be a sale, conveyance, lease or other change of ownership hereunder or otherwise be deemed to be a breach of any provision of this Agreement or any other Company Document.

ARTICLE VII EVENTS OF DEFAULT; REMEDIES

Section 7.1 Events of Default. Any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) A default by the Company under this Agreement, the Company Lease Agreement or the Agency Lease which remains uncured beyond the applicable notice and/or grace period provided hereunder;

(b) The failure of the Company to observe and perform any covenant, condition or agreement on its part to be performed under this Agreement, the Company Lease Agreement or the Agency Lease which remains uncured beyond the applicable notice and/or grace period provided hereunder;

(c) Any representation made by the Company hereunder shall have been false in any material respect when made;

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

(e) Any sale, conveyance, lease or any other change of ownership of the Project, whether occurring voluntarily or involuntarily, or by operation of law or otherwise, by the Agency or the Company of their respective interest in the Project or any part thereof, or the

granting of, any easements or restrictions or the permitting of any encroachments on the Project, except as permitted under the Company Documents or as otherwise approved by the Agency;

(f) The filing by the Company (as debtor) of a voluntary petition under Title 11 of the United States Code or any other federal or state bankruptcy statute, (b) the failure by the Company within one hundred twenty (120) days to lift any execution, garnishment or attachment of such consequence as will impair the Company's ability to carry out its obligations hereunder, (c) the commencement of a case under Title 11 of the United States Code against the Company as the debtor or commencement under any other federal or state bankruptcy statute of a case, action or proceeding against the Company and continuation of such case, action or proceeding without dismissal for a period of one hundred twenty (120) days, (d) the entry of an order for relief by a court of competent jurisdiction under Title 11 of the United States code or any other federal or state bankruptcy statute with respect to the debts of the Company, or (e) in connection with any insolvency or bankruptcy case, action or proceeding, appointment by final order, judgment or decree of a court of competent jurisdiction of a receiver or trustee of the whole or a substantial portion of the property of the Company, unless such order, judgment or decree is vacated, dismissed or dissolved within one hundred twenty (120) days of such appointment; or

(g) The imposition of a lien on the Project, other than a Permitted Encumbrance or a lien being contested as provided in this Agreement; or

Notwithstanding anything to the contrary set forth herein, the subleasing of space in the Project in violation of the restrictions contained in Section 2.2(m) hereof shall not constitute an Event of Default solely by reason of such violation, provided that (i) the Company shall have repaid the pro-rated Benefits subject to recapture under Section 7.4 due to such subleasing, and (ii) such subleasing shall not have been determined by any court to be a violation of the Act.

Section 7.2 Remedies on Default. Whenever any Event of Default shall have occurred and be continuing hereunder for 15 days after written notice of such Event of Default is issued by the Agency to the Company, the Agency may take any one or more of the following remedial steps:

(a) The Agency may take whatever action at law or in equity as may appear necessary or desirable, including an action for damages, injunction or specific performance; or

(b) The Agency may terminate this Agreement upon written notice and convey the Property to the Company, in which case the Company shall be responsible for the restoration to the Agency of any and all benefits derived by the Company hereunder and not then vested in such amounts as the Agency shall reasonably determine would have been due and owing but for the participation of the Agency in the Project.

Section 7.3 Remedies Cumulative. The rights and remedies of the Agency under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Agency allowed by law with respect to any default under this Agreement. Failure by the Agency to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Company hereunder shall not be considered

or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy a strict compliance by the Company with all of the covenants and conditions hereof, or of the rights to exercise any such rights or remedies, if such default by the Company be continued or repeated.

Section 7.4 Recapture of Agency Benefits

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

If there shall occur a Recapture Event (hereinafter defined) after the Commencement Date and prior to the sixth (6th) anniversary thereof, the Company shall pay to the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, the following amounts:

(A) one hundred per cent (100%) of the Benefits (hereinafter defined) if the Recapture Event occurs within the first two (2) years after the Commencement Date; or

(B) fifty per cent (50%) of the Benefits if the Recapture Event occurs during the third (3rd) or fourth (4th) year after the Commencement Date; or

(C) twenty per cent (20%) of the Benefits if the Recapture Event occurs during the fifth (5th) year after the Commencement Date.

(b) The term "Benefits" shall mean, collectively, all exemptions from any applicable sales or use tax, transfer tax, and filing and recording fees derived from the Agency's participation in the straight-lease transaction contemplated by this Agreement.

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

(1) The occurrence of an Event of Default by the Company under this Agreement which is continuing for a period of 15 days after written notice of such Event of Default is issued by the Agency to the Company;

(2) The Company shall have liquidated its operations and/or assets (absent a showing of extreme hardship);

(3) The Project or any material part thereof shall cease to constitute a qualified "project" under the Act;

(4) The Company shall have subleased all or any portion of the Project in violation of the limitations imposed by this Agreement (including, without limitation, Section 2.2(m) hereof), without the prior written consent of the Agency; provided, however, that any recapture of benefits by reason of the occurrence of a Recapture Event

under this subparagraph (4) shall be prorated to the space so sublet in violation hereof, as follows: the amount of benefits otherwise payable to the Agency pursuant to subsection 7.4(a) above shall be multiplied by a fraction, the numerator of which shall be the number of rentable square feet of space so sublet, and the denominator of which shall be the aggregate number of rentable square feet in the Leased Property, both such numbers to be computed in like manner; or

(5) The Company shall sell, lease, transfer or otherwise dispose of all or substantially all of its interest in the Project, except upon the consent of the Agency or by subleases otherwise permitted hereunder.

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 Leased Property, or (ii) the inability at law of the Company after the Leased Property shall have been destroyed or damaged in whole or in part (such occurrence a "Loss Event") to rebuild, repair, restore or replace the Leased Property to substantially its condition prior to such Loss Event, which inability shall have arisen in good faith through no fault on the part of the Company or any Affiliate.

(d) The Company covenants and agrees to furnish the Agency with written notification upon any Recapture Event or disposition of the Project or any portion thereof made during the term of this Agreement, which notification shall set forth the terms of such Recapture Event and/or disposition.

Section 7.5 Recourse under the Agreement. All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency, and not of any member, director, officer, employee or agent (including counsel to the Agency) of the Agency in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against any member, director, officer, employee or agent (including counsel to the Agency) of the Agency or any natural person executing this Agreement on behalf of the Agency. In addition, in the performance of the agreements of the Agency herein contained, any obligation the Agency may incur for the payment of money shall not create a debt of the State or the County and neither the State nor the County shall be liable on any obligation so incurred, but any such obligation shall be payable solely out of amounts payable to the Agency by the County hereunder; and provided further that recourse against the Agency hereunder or under any of the Company Documents shall be limited to the Agency's interest in the Project.

ARTICLE VIII SPECIAL COVENANTS

Section 8.1 Existence. During the Lease Term, the Company will maintain its existence as a limited liability company in good standing and its qualification to do business in the State, except that it may, but only with the written consent of the Agency, merge or consolidate into, or dissolve or liquidate following a transfer of all or substantially all of its assets as an entity, to another entity organized under the laws of the United States, one of the states thereof or the District of Columbia, if the surviving, resulting or transferee entity is

qualified to do business in the State and (i) assumes in writing all the obligations of the Company hereunder; (ii) immediately after the consummation of the transaction, and after giving effect thereto, the resulting entity has a net worth at least equal to the net worth of the Company immediately prior to the transaction (computed in accordance with generally accepted accounting principles); and (iii) as of the date of consummation of the transaction, the Agency shall be furnished with an opinion of Independent Counsel opining as to the compliance with item (i) of this Section 8.1 and with a certificate signed by the chief executive officer and chief financial officer of the resulting entity to the effect that the resulting entity is in compliance with item (ii) hereof.

Section 8.2 No Warranty of Condition or Suitability by the Agency. THE AGENCY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE LEASED PROPERTY OR THAT THE PROJECT IS OR WILL BE SUITABLE FOR THE COMPANY'S PURPOSES OR NEEDS.

Section 8.3 Rights of Access to the Project. The Company agrees that the Agency and the duly authorized agents of any of Agency should have the right at all reasonable times, to enter upon the Leased Property to examine and inspect the Project.

Section 8.4 Indemnification. Notwithstanding the fact that it is the intention of the parties that the Agency shall not incur any pecuniary liability, other than with respect to the Agency's acts or omissions in performing its obligations under this Agreement, by reason of the terms of this Agreement or by reason of the performance of any act by the Agency hereunder or thereunder, if the Agency nevertheless should incur any such pecuniary liability, the Company will indemnify and hold harmless the Agency, its members, officers, agents and employees, past, and present and future, against all claims arising out of the same, and the costs and expenses incurred in connection with any such claim or action or proceeding brought thereon. Upon written notice from the Agency, the Company will assume the defense of any such action or proceeding, with full power to litigate, compromise or settle the same in its sole discretion, but consistent with the provisions of this Section 8.4. This Section 8.4 shall not apply to any losses, damages, claims, liabilities or expenses of the Agency which have been incurred or which have resulted from the gross negligence or willful misconduct of the Agency or any of its members, officers, agents and employees.

Section 8.5 No Recourse. All covenants, stipulation, promises, agreements and obligations of the Agency contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, officer, agent or employee of the Agency in his or her individual capacity. In the event of any default by the Agency hereunder, the liability to the Company shall be enforceable only out of the Company's interest under this Agreement and there shall be no other recourse by the Company against the Agency, or any of its members, officers, agents or employees, past, present or future, or against any of the Project now or hereafter owned by it or them.

Section 8.6 Further Assurances and Corrective Instruments. The Agency and Company agree that they shall, from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, such supplements to this Agreement and such further

instruments as may reasonably be required for carrying out the intentions or facilitating the performance of this Agreement.

Section 8.7 Compliance with Environmental Laws. The Company shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that the acquisition, construction, operation and maintenance of the Project are carried out in substantial compliance with the applicable provisions of the New York State Environmental Conservation Law and applicable regulations promulgated thereunder by the New York State Department of Environmental Conservation.

Section 8.8 Depreciation and Investment Credit. It is the intention of the parties that deductions for depreciation and any investment tax credit or comparable credit which may be available in respect of the Project shall accrue to the benefit of the Company, and the Agency and the Company shall make any election and take other action in accordance with the Internal Revenue Code, as may be necessary to entitle the Company to take such deductions for depreciation or to derive such credit.

Section 8.9 Distribution of Agreement. Upon the execution and delivery of this Agreement, a counterpart of this Agreement shall be distributed by first class mail by the Agency to each of the notice parties set forth in Section 10.1 hereof, and upon the distribution and receipt of this Agreement, each of said notice parties and their respective counsel of record shall be presumed conclusively by the Agency to have knowledge of the terms and conditions of this Agreement.

ARTICLE IX
SUBORDINATION AND NON-ATTORNMENT

Section 9.1 Reserved.

Section 9.2 Reserved.

ARTICLE X
MISCELLANEOUS

Section 10.1 Notices. All notices, certificates and other communications under this Agreement shall be sufficiently given and shall be deemed given when delivered by hand or mailed by first class mail, postage prepaid, addressed as follows:

(a) IF TO THE COMPANY:

Lucky Cats Hospitality Group, LLC
6691 Main Street
Westport, New York 12993
Attention: Scott Brankman

WITH A COPY TO:

Janet H. Bliss, Esq.

12 Morningside Drive, Ste 1
Lake Placid, New York 12946

IF TO THE AGENCY

Essex County Industrial Development Agency
7566 Court Street, PO Box 217
Elizabethtown, New York 12932
Attention: Jody Olcott

WITH A COPY TO:

Jennifer Briggs
Briggs Law Firm LLP
2296 Saranac Avenue
Lake Placid, New York 12946

A duplicate copy of each notice, certificate or other communication given under this Agreement to the Agency or the Company during the Lease Term shall also be given to each of the other parties referred to in this Section 10.1. The Company and the Agency may, by notice given under this Section 10.1, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Binding Nature of Agreement. This Agreement shall inure to the benefit of and shall be binding upon the Agency and the Company and their respective successors and assigns, subject, however, to the limitations contained in Sections 6.1 and 8.1 hereof.

Section 10.3 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render enforceable any other provision hereof.

Section 10.4 Date of Agreement for Reference Purposes Only. The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written.

Section 10.5 Amendments, Changes and Modifications. Except as otherwise provided in this Agreement, this Agreement may not be amended, changed, modified, altered or terminated without an agreement in writing and signed by the Agency and the Company.

Section 10.6 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; and such counterparts shall together constitute one and the same instrument.

Section 10.7 Term of Agreement. This Agreement shall become effective upon its delivery and shall continue in effect until the expiration of the Lease Term.

Section 10.8 Payment or Performance on Holidays. If the date for paying any rent payable pursuant to Section 3.2 of this Agreement, or the date for performance of any act or the

exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in the State are authorized or required by law or executive order to remain closed, such payment shall be made or act performed or right exercised on the next succeeding business day not a legal holiday nor a day on which such banking institutions are authorized by law to remain closed.

Section 10.9 Filing and Recording. The Company and the Agency covenant that they will cooperate with a bank, if any, in all recording, filing and re-recording or re-filing of all financing statements, continuation statements, notices and other instruments required by applicable law to be required by law in order fully to preserve and protect the rights of such bank in this Agreement related thereto as against creditors of, or for value from, the Agency and the Company.

Section 10.10 Captions. The captions and heading in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Agreement.

Section 10.11 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, the Agency has caused this Agreement to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers and the Company has caused this Agreement to be executed by its duly authorized officer, all as of the date first above written.

(SEAL)

ESSEX COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

ATTEST:



Jamie Rogers
Secretary

By: 

Darren Darrah
Chairman

LUCKY CATS HOSPITALITY GROUP, LLC

By: _____
Scott Brankman
Manager

[Signature Page to Project Agreement]

STATE OF NEW YORK)
)
) ss:
)
COUNTY OF ESSEX)

On this 30 day of ~~October~~ ^{September}, 2025 before me, the undersigned, a notary public in and for said state, personally appeared Darren Darrah personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signatures on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

JODY C OLCOTT
NOTARY PUBLIC STATE OF NEW YORK
QUALIFIED IN ESSEX COUNTY
NO - 010L6049649
MY COMM. EXPIRES OCTOBER 23, 2026

STATE OF NEW YORK)
)
) ss:
)
COUNTY OF _____)

On this ___ day of October, 2025 before me, the undersigned, a notary public in and for said state, personally appeared Scott Brankman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signatures on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

IN WITNESS WHEREOF, the Agency has caused this Agreement to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers and the Company has caused this Agreement to be executed by its duly authorized officer, all as of the date first above written.

(SEAL)

ESSEX COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

ATTEST:

By: _____
Darren Darrah
Chairman

Jamie Rogers
Secretary

LUCKY CATS HOSPITALITY GROUP, LLC

By:  _____
Scott Brankman
Manager

[Signature Page to Project Agreement]

STATE OF NEW YORK)
)SS.:
COUNTY OF ESSEX)

On this ____ day of October, 2025, before me, the undersigned, a Notary Public in and for said State, personally appeared **DARREN DARRAH**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

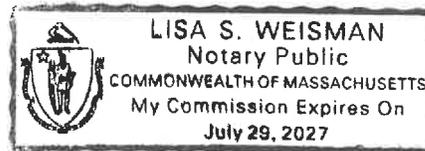
Notary Public

Comm. of MA
STATE OF NEW YORK)
)SS.:
COUNTY OF Essex)

On this 2nd day of October, 2025, before me, the undersigned, a Notary Public in and for said State, personally appeared Scott Brankman personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.



Notary Public



[Notary Page to Agency Lease]

EXHIBIT A-1
DESCRIPTION OF THE LAND

All That Tract, Piece or Parcel of Land situate in the Town of Westport, Essex County, State of New York, described as follows:

SWIS CODE #155000

Tax Map Number: 66.56-1-25.000

Account Number: 721A100305

Location: 6691 Main Street

Approximate size: .90 acres

Parcel No. 945 (2018)

Said property having been assessed to BOPA Enterprises LLC, for the year 2018, included as parcel number 945 on the List of Delinquent Taxes filed November 14, 2018, and not having been redeemed within the time required by law said parcels among others was conveyed to the County pursuant to a judgment filed in the Essex County Clerk's Office on June 1, 2022, under index number CV18-0605 and by deed dated June 2, 2022, and recorded in Book 2085 of Deeds at Page 179.

THIS CONVEYANCE is made subject to the conditions and covenants that: 1) Essex County shall in no event be or become liable for any defects in title conveyed hereby, for any cause whatsoever; 2) no claim, demand or suit of any nature shall ever be made by the party of the second part hereto, or by said party's heirs, successors and assigns, against said Essex County arising from such sale or this conveyance.

EXHIBIT A-2
DESCRIPTION OF THE BUILDING

ESSEX COUNTY, NEW YORK
PART OF
SECTION: 66.56
BLOCK: 1
LOT: 25

EXHIBIT A-3
DESCRIPTION OF THE EQUIPMENT

All equipment, fixtures, machinery, building materials and items of personal property acquired, constructed and installed in connection with the Essex County Industrial Development Agency Lease Transaction (Lucky Cats Hospitality Group, LLC – Westport Hotel Project) located in the Town of Westport, County of Essex, New York.

EXHIBIT B
FORMS OF AGENCY LEASE AND COMPANY LEASE

Attached as items 2 and 3 of this transcript.

EXHIBIT C
COST BENEFIT ANALYSIS

2024 Assessment	Current Conditions										Total	
	Year 1 (2026)	Year 2 (2027)	Year 3 (2028)	Year 4 (2029)	Year 5 (2030)	Year 6 (2031)	Year 7 (2032)	Year 8 (2033)	Year 9 (2034)	Year 10 (2035)		
Essex County	\$165,000	\$433.11	\$433.11	\$433.11	\$433.11	\$433.11	\$433.11	\$433.11	\$433.11	\$433.11	\$433.11	\$4,331.07
Town of Westport	\$2,662,760	\$324.15	\$324.15	\$324.15	\$324.15	\$324.15	\$324.15	\$324.15	\$324.15	\$324.15	\$324.15	\$3,141.50
Boquet Valley CSD	\$10,741,096.00	\$1,745.43	\$1,745.43	\$1,745.43	\$1,745.43	\$1,745.43	\$1,745.43	\$1,745.43	\$1,745.43	\$1,745.43	\$1,745.43	\$17,454.28
Totals	\$2,502,69	\$2,402.69	\$25,026.86									

Future Assessment	Future Conditions - No PILOT										Total	
	Year 1 (2026)	Year 2 (2027)	Year 3 (2028)	Year 4 (2029)	Year 5 (2030)	Year 6 (2031)	Year 7 (2032)	Year 8 (2033)	Year 9 (2034)	Year 10 (2035)		
Essex County	\$390,000	\$1,039.46	\$1,039.46	\$1,039.46	\$1,039.46	\$1,039.46	\$1,039.46	\$1,039.46	\$1,039.46	\$1,039.46	\$1,039.46	\$10,394.58
Town of Westport	\$2,662,760	\$777.96	\$777.96	\$777.96	\$777.96	\$777.96	\$777.96	\$777.96	\$777.96	\$777.96	\$777.96	\$7,779.60
Boquet Valley CSD	\$10,741,096.00	\$4,189.03	\$4,189.03	\$4,189.03	\$4,189.03	\$4,189.03	\$4,189.03	\$4,189.03	\$4,189.03	\$4,189.03	\$4,189.03	\$41,890.27
Totals	\$6,006.45	\$6,006.45	\$6,006.45	\$6,006.45	\$6,006.45	\$6,006.45	\$6,006.45	\$6,006.45	\$6,006.45	\$6,006.45	\$6,006.45	\$60,064.45

Future Assessment	Future Conditions - PILOT Schedule A										Total	
	Year 1 (2026)	Year 2 (2027)	Year 3 (2028)	Year 4 (2029)	Year 5 (2030)	Year 6 (2031)	Year 7 (2032)	Year 8 (2033)	Year 9 (2034)	Year 10 (2035)		
Essex County	\$390,000	0%	0%	55%	60%	65%	70%	80%	90%	95%	95%	\$6,872.94
Town of Westport	\$2,662,760	\$0.00	\$0.00	\$571.70	\$623.67	\$675.65	\$727.62	\$831.57	\$935.51	\$987.48	\$987.48	\$4,194.48
Boquet Valley CSD	\$10,741,096.00	\$0.00	\$0.00	\$2,305.97	\$2,513.42	\$2,720.87	\$2,928.33	\$3,135.72	\$3,343.16	\$3,550.60	\$3,758.04	\$23,668.01
Totals	\$0.00	\$0.00	\$0.00	\$3,103.22	\$3,103.87	\$3,104.19	\$4,194.51	\$4,105.16	\$5,405.80	\$5,706.12	\$5,706.12	\$33,936.42

Future Assessment	Future Conditions - PILOT Schedule A vs. Current Conditions										Total	
	Year 1 (2026)	Year 2 (2027)	Year 3 (2028)	Year 4 (2029)	Year 5 (2030)	Year 6 (2031)	Year 7 (2032)	Year 8 (2033)	Year 9 (2034)	Year 10 (2035)		
Essex County	\$390,000	\$0.00	\$0.00	\$138.39	\$190.37	\$242.34	\$294.31	\$386.26	\$502.40	\$554.38	\$554.38	\$1,541.86
Town of Westport	\$2,662,760	\$0.00	\$0.00	\$103.73	\$142.63	\$181.52	\$220.42	\$288.22	\$376.01	\$414.91	\$414.91	\$1,153.97
Boquet Valley CSD	\$10,741,096.00	\$0.00	\$0.00	\$358.54	\$376.99	\$397.44	\$1,186.89	\$1,605.79	\$2,024.70	\$2,234.15	\$2,234.15	\$6,113.72
Totals	\$0.00	\$0.00	\$0.00	\$600.66	\$600.99	\$600.66	\$1,701.83	\$2,100.27	\$2,903.12	\$3,203.44	\$3,203.44	\$8,909.56

Contra	Not Included in PILOT & Paid at Current Assessed Value Each Year											
	Year 1 (2026)	Year 2 (2027)	Year 3 (2028)	Year 4 (2029)	Year 5 (2030)	Year 6 (2031)	Year 7 (2032)	Year 8 (2033)	Year 9 (2034)	Year 10 (2035)		
Mortgage Recording Tax Exemptions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sales and Use Tax Exemptions	\$68,000.00	\$68,000.00	\$68,000.00	\$68,000.00	\$68,000.00	\$68,000.00	\$68,000.00	\$68,000.00	\$68,000.00	\$68,000.00	\$68,000.00	\$680,000.00
Real Property Tax Exemptions	\$8,909.56	\$8,909.56	\$8,909.56	\$8,909.56	\$8,909.56	\$8,909.56	\$8,909.56	\$8,909.56	\$8,909.56	\$8,909.56	\$8,909.56	\$89,095.60
Total	\$76,909.56	\$76,909.56	\$76,909.56	\$76,909.56	\$76,909.56	\$76,909.56	\$76,909.56	\$76,909.56	\$76,909.56	\$76,909.56	\$76,909.56	\$769,095.60

Benefits	Special District Tax											
	Year 1 (2026)	Year 2 (2027)	Year 3 (2028)	Year 4 (2029)	Year 5 (2030)	Year 6 (2031)	Year 7 (2032)	Year 8 (2033)	Year 9 (2034)	Year 10 (2035)		
Essex County Additional Revenue	\$1,541.84	\$1,541.84	\$1,541.84	\$1,541.84	\$1,541.84	\$1,541.84	\$1,541.84	\$1,541.84	\$1,541.84	\$1,541.84	\$15,418.40	
Town of Westport Additional Revenue	\$1,153.98	\$1,153.98	\$1,153.98	\$1,153.98	\$1,153.98	\$1,153.98	\$1,153.98	\$1,153.98	\$1,153.98	\$1,153.98	\$11,539.80	
Boquet Central School Additional Revenue	\$6,213.71	\$6,213.71	\$6,213.71	\$6,213.71	\$6,213.71	\$6,213.71	\$6,213.71	\$6,213.71	\$6,213.71	\$6,213.71	\$62,137.10	
Additional Payroll	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$300,000.00	\$3,000,000.00	
Full-Time Equivalent Jobs Retained	0	0	0	0	0	0	0	0	0	0	0	
Full-Time Equivalent Jobs Created	+10FT, 10PT, 5S	\$1,500,000.00										
Investment	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00	\$15,000,000.00	
Total	\$1,808,909.53	\$18,089,095.53										

Likelihood of Accomplishing The Project In a Timely Fashion (Yes or No) YES
 Explanation: Project has been awarded \$240,000 grant through CFA process. Owner equity portion of project available.

Contribution of the Project to the State's Renewable Energy Goals and Emission Reduction Targets (Yes or No) NO
 Explanation: Not Applicable

Transaction Costs	Paid at closing, lump sum amount	
	0.06% of total project \$1,500,000 (quoted at applicable & indusment)	0.75% of total project \$1,500,000 (quoted at application & indusment)
Bond Counsel Fee (Squire Patton Boggs)	\$20,000.00	\$20,000.00
IDM Attorney Fee (Bishop Law Firm)	\$1,005.00	\$1,005.00
IDM Transmission Fee	\$11,250.00	\$11,250.00
Total	\$32,255.00	\$32,255.00

Not Included in PILOT & Paid at Current Assessed Value Each Year	
Special District Tax	2024 Estimate
Hillman 2 3 4	\$1,431,973
Fire District	\$1,564,838
Sewer District	\$0,309,476
Water District	\$8,741
Total	\$546,022

STATE OF NEW YORK)
)
) SS.:
COUNTY OF ESSEX)

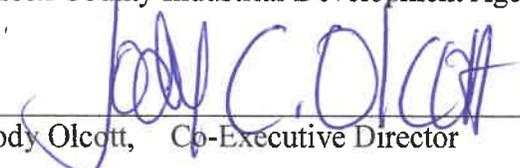
AFFIDAVIT
Exemption from Recording Fees

Jody Olcott, being duly sworn, deposes and says as follows:

1. I am the Co-Executive Director of the Essex County Industrial Development Agency (hereinafter “the County Agency”) with offices in Elizabethtown, Essex County, New York.
2. The County Agency by reason of a Project Agreement between Lucky Cats Hospitality Group LLC. and the County Agency grants the County Agency control of certain premises located at 6691 Main Street, Westport, New York (hereinafter “Project Agreement”).
3. This affidavit is submitted to support a claim that the recording fees to record the ground lease are exempt/waived due to the above stated facts.

Essex County Industrial Development Agency

By:



Jody Olcott, Co-Executive Director

Sworn to before me this 23
day of October, 2025.

Carol A. Calabrese
Notary Public

CAROL A. CALABRESE
NOTARY PUBLIC, STATE OF NY
NO.-01CA6139350
QUALIFIED IN ESSEX COUNTY
MY COMM. EXPIRES JAN. 9, 2026