

Motion by: STEVE BRESCIA
Seconded by JOHN BORLAND

INDUCEMENT RESOLUTION
(Castle Fun Park Project)

At a meeting of the Orange County Industrial Development Agency held on March 22, 2006, at 3:00 p.m. (local time) at the County Government Center, 255-275 Main Street, Goshen, New York,

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to a proposed project for the benefit of Leentjes Amusements Corp. (d/b/a The Castle) (the "Company").

RESOLUTION (i) ACCEPTING THE APPLICATION OF LEENTJES AMUSEMENTS CORP. (D/B/A THE CASTLE) WITH RESPECT TO A CERTAIN PROJECT (AS MORE FULLY DESCRIBED BELOW), (ii) DESCRIBING THE FORMS OF FINANCIAL ASSISTANCE BEING CONTEMPLATED BY THE ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY WITH RESPECT TO SUCH PROJECT, (iii) AUTHORIZING A PUBLIC HEARING WITH RESPECT TO SUCH PROJECT, (iv) DETERMINING COMPLIANCE WITH THE STATE ENVIRONMENTAL QUALITY REVIEW ACT WITH RESPECT TO SUCH PROJECT; (v) APPROVING THE FORMS OF FINANCIAL ASSISTANCE TO BE PROVIDED TO THE COMPANY FOR SUCH PROJECT, (vi) APPOINTING THE COMPANY AS AGENT FOR THE AGENCY FOR THE PURPOSE OF UNDERTAKING SUCH PROJECT, AND (vi) AUTHORIZING THE NEGOTIATION AND EXECUTION AND DELIVERY OF RELATED DOCUMENTS

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 390 of the Laws of 1972 of the State of New York, (hereinafter collectively called the "Act"), the **ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (hereinafter called the "Agency") was created with the authority and power and for the purpose of, among other things, acquiring, constructing, reconstructing and equipping manufacturing, warehousing, research, commercial, or industrial facilities as authorized by the Act; and

WHEREAS, **LEENTJES AMUSEMENTS CORP. (d/b/a THE CASTLE)** for itself or on behalf of an entity to be formed (the "Company"), has submitted an application (the "Application") to the Agency requesting the Agency's assistance with a certain project (the "Project") consisting of: (1) the acquisition by the Agency of a leasehold or other interest in a

parcel of land located at 109-115 Brookside Avenue, Chester, Orange County, New York and any existing improvements thereon consisting principally of two 18-hole mini-golf courses, go-kart track, climbing wall, arcade, batting cages and related improvements (the "Land"); (2) the construction by the Company on the Land of one or more buildings to accommodate a roller skating rink, laser tag area, 200-seat restaurant, rock climbing area, new indoor arcade and related improvements (collectively the "Improvements"); and (3) the acquisition of and installation in and around the Improvements by the Company of machinery, equipment, furniture, fixtures and other items of tangible personal property (the "Equipment," and collectively with the Land and the Improvements, collectively the "Facility"); and

WHEREAS, the Company has indicated in the Application that the maximum estimated cost of undertaking the Project will be approximately \$3,500,000; and

WHEREAS, the Agency is contemplating (1) designating the Company as its agent for the purpose of undertaking the Project and (2) providing financial assistance to the Company for the Project (collectively, the "Financial Assistance") in the form of: (A) a straight lease transaction (within the meaning of subdivision (15) of Section 854 of the Act), pursuant to which the Agency shall take and hold title to the Land (or an interest therein), the Improvements and Equipment for a period of time and sell or lease the same back to the Company (the "Straight Lease"), (B) an exemption from all State and local sales and use taxes with respect to qualifying personal property included in or incorporated into the Facility or used in the acquisition, construction or equipping of the Facility, and (C) the grant of one or more mortgage liens on the Land (or such interest therein as is conveyed to the Agency) and the Improvements (the "Mortgages") to secure the indebtedness incurred by or for the benefit of the Company in connection with the Project, which Mortgages would be exempt from all mortgage recording taxes imposed by the State and any political subdivision thereof), and (D) (4) the retention of fee title to or a leasehold interest in the Facility by the Agency for a period of time so as to enable the Agency and the Company to enter into one or more agreements regarding payments in lieu of real property taxes, pursuant to which the Company would make payments in lieu of real property taxes to each municipality and school district having taxing jurisdiction over the Facility (collectively, the "Affected Taxing Jurisdictions"); and

WHEREAS, the Agency has given due consideration to the Application, in which it is represented by the Company that (i) (A) the Project will not result in the removal of a civic, commercial, industrial, or manufacturing plant of the Company or any other proposed occupant of the Project from one area of the State of New York (the "State") to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project located within the State, or (B) the Project is reasonably necessary to discourage the Project occupants from removing such other plant or facility to a location outside the State and/or is reasonably necessary to preserve the competitive position of the Project occupants in their respective industries, (ii) within five (5) years after the Project is completed, it is estimated that the Facility will provide approximately 30 new full-time jobs; and

WHEREAS, the Agency now intends to (i) determine that SEQR (as hereinafter defined) has been complied with respect to the Project, (ii) approve the Financial Assistance contemplated for the Project, (iii) appoint the Company as agent for the Agency for purposes of undertaking the Project pursuant to an agent agreement between the Agency and the Company (the "Agent

Agreement"), (iv) authorize the Agency to hold a public hearing (the "Public Hearing") in connection with the Project, and (v) authorize and direct the Chairman (or Vice Chairman) and/or Administrative Director of the Agency to negotiate, approve and execute the Agent Agreement (as defined below) and the Sales Tax Exemption Letter (as defined below) and such other documents as may be related thereto; and

WHEREAS, to aid the Agency in making a determination whether acquisition, construction and equipping of the Facility and the providing of the contemplated Financial Assistance will be in conformance with Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (said law and regulations hereinafter collectively referred to as "SEQR"), the Company has submitted to the Agency a Negative Declaration dated February 28, 2006 adopted by the Village of Chester Planning Board (the "Planning Board"), attached hereto as Exhibit A, pursuant to which the Planning Board determined that the Project would not have a significant effect on the environment (said materials being collectively referred to as the "SEQRA Proceedings"); and

WHEREAS, pursuant to Section 859-a of the Act, prior to the Agency providing any Financial Assistance to any project, the Agency, among other things, must hold a Public Hearing with respect to the Project; and

WHEREAS, pursuant to Article 18-A of the General Municipal Law the Agency desires to adopt a resolution describing the Project and the Financial Assistance that the Agency is contemplating with respect to the Project.

NOW, THEREFORE, BE IT RESOLVED by the Orange County Industrial Development Agency as follows:

Section 1. The Agency has reviewed the Application and accompanying materials and, based upon the representations made by the Company to the Agency in the Application and accompanying materials, the Agency hereby makes the following findings and determinations with respect to the Facility:

(a) the Facility constitutes a "project" within the meaning of the Act; and

(b) (i) the acquisition, construction and equipping of the Facility and the Financial Assistance contemplated in connection therewith will not result in the removal of a facility or plant of the Company or any proposed Facility 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 Company or any proposed Facility occupant located in the State or (ii) the Facility is reasonably necessary to preserve the competitive position of the Company in its industry; and

(c) the acquisition, construction and equipping of the Facility and the Agency's providing of the Financial Assistance pursuant to the Act will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of Orange County, New York and the State and improve their standards of living, and thereby serve the public purposes of the Act; and

(d) it is desirable and in the public interest to grant the Financial Assistance;
and

(e) the Financial Assistance contemplated by the Agency with respect to the Project is consistent with the uniform tax exemption policy adopted by the Agency in accordance with Section 874 of the Act; and

(f) Based on the Application and related materials presented by the Company to the Agency, the Agency hereby finds that the Project is likely to attract a significant number of visitors from outside the economic development region (as established by Section 232 of the New York State Economic Development Law), and therefore the Project qualifies for Financial Assistance under the Act.

Section 2. Based upon a review of the Application and the SEQRA Proceedings submitted to the Agency, the Agency hereby:

(A) consents to and affirms the status of the Planning Board as Lead Agency for the Project within the meaning of, and for all purposes of complying with, SEQRA;

(B) determines that the proceedings undertaken by the Lead Agency under SEQRA with respect to the acquisition, construction and equipping of the Facility satisfy the requirements of SEQRA;

(C) ratifies and confirms such proceedings by the Lead Agency; and

(D) determines that all of the provisions of SEQRA that are required to be complied with as a condition precedent to the approval of the Financial Assistance contemplated by the

Agency with respect to the Project and the participation by the Agency in undertaking the Project have been satisfied.

Section 3. Subject to Section 4 hereof, the Company is hereby appointed the true and lawful agent of the Agency (1) to acquire, construct and equip the Facility, (2) to make, execute acknowledge and deliver any contracts, orders, receipts, writings, and instructions, as the stated agent for the Agency, and in general, to do all things which may be requisite or proper for completing the Facility, including the following as they relate to thereto, whether or not any materials or supplies described below are incorporated into or become an integral part of the Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with such acquisition, construction and equipping, and (ii) purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with such acquisition, construction and equipping, and (iii) all purchases, leases, rentals and uses of equipment, machinery, and other tangible personal property (including installation costs with respect thereto), installed or placed in, upon or around the Facility.

Section 4. The provision by the Agency of the Financial Assistance shall be subject to:

(A) execution and delivery by the Company of the Agent Agreement, substantially in the form attached hereto as Exhibit B, which Agent Agreement is to remain in effect through **May 31, 2006** (unless hereinafter extended by the Administrative Director of the Agency) or such earlier date as the Sale Agreement is entered into; and

(B) the delivery to the Agency of a binder, certificate or other evidence of a liability insurance policy for the Project wherein the Agency and the Company are named as insureds and having a coverage in the amounts required pursuant to the Section 4 and Section 5 of the Agent Agreement and as is satisfactory to the Chairman (or Vice Chairman) and/or Administrative Director of the Agency.

Section 5. The form and substance of the Agent Agreement (in substantially the form presented to this meeting and attached hereto as Exhibit B) is in all respects hereby approved. The Chairman (or Vice Chairman) and/or Administrative Director of the Agency is hereby authorized, empowered and directed, in the name of and on behalf of the Agency, to execute and deliver the Agent Agreement in substantially the form thereof presented to this meeting, with such changes in terms and form as the Chairman (or Vice Chairman) and/or Administrative Director shall approve, such execution to constitute conclusive evidence of his approval of any and all changes and revisions from the form now before this meeting.

Section 6. Upon satisfaction of the conditions enumerated in Section 4 of this Resolution, the Chairman (or Vice Chairman) and/or Administrative Director of the Agency is hereby authorized and directed in the name of and on behalf of the Agency, to execute and deliver to the Company a sales tax exemption letter or other exemption certificate (the "Sales Tax Exemption Letter"), in such form as is approved by the Chairman (or Vice Chairman) and/or Administrative Director, indicating that purchases and rentals of materials and equipment included in or incorporated into the Facility or used in connection with the acquisition and installation of the Equipment are exempt from State and local sales and use taxes to the extent

authorized by the Act, the Articles 28 and 29 of the New York Tax Law, this Resolution, and the Sale Agreement.

Section 7. The Agency is hereby authorized to hold a public hearing with respect to the Project as required by the Act at such time and place as shall be determined by the Chairman (or Vice Chairman) and/or Administrative Director of the Agency. The Administrative Director, on behalf of the Agency, is authorized and directed to publish and mail a notice of such public hearing as required by the Act.

Section 8. The officers, agents and employees of the Agency are hereby authorized, empowered and directed to proceed with the undertakings provided for herein on the part of the Agency and are further authorized to perform such acts and things and to execute all such documents as may be necessary or convenient to carry out and comply with the terms and provisions of the Agent Agreement or Sales Tax Exemption Letter as executed.

Section 9. The Chairman (or Vice Chairman) and/or Administrative Director of the Agency is hereby authorized and directed to distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

Section 10. Notwithstanding anything contained herein to the contrary, the Financial Assistance provided by the Agency to the Company shall not exceed \$100,000 until a public hearing is held and a subsequent resolution adopted by the Agency.

Section 11. This resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to vote on roll call, which resulted as follows:

Chairman MacFarland	VOTING <u>✓</u>
John Borland	VOTING <u>✓</u>
Robert Armistead	VOTING _____
Henry P. VanLeeuwen	VOTING _____
John Steinberg, Jr.	VOTING <u>✓</u>
Daniel F. Coleman	VOTING _____
Stephen Brescia	VOTING <u>✓</u>

The Resolution was thereupon declared duly adopted.

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STATE OF NEW YORK)
COUNTY OF ORANGE)

I, WILLIAM TRIMBLE, the Administrative Director of the Orange County Industrial Development Agency, DO HEREBY CERTIFY:

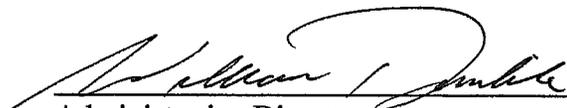
That I have compared the foregoing extract of the minutes of the meeting of the Orange County Industrial Development Agency (the "Agency") including the resolution contained therein, held on the 22nd day of March, 2006, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that all members of said Agency had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with Article 7.

I FURTHER CERTIFY that there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of said Agency this 22nd day of March, 2006.



Administrative Director

[SEAL]