

**X, LLC**

**TO**

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

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**LEASE AGREEMENT**

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*This conveyance concerns lots (A) in the Village of Chester constituting tax map numbers: 107-2-2; 107-2-3; 107-2-13; and part of 107-2-6.1; and (B) in the Town of Chester constituting tax map numbers: 2-1-35; part of 2-1-34.12 and 2-1-40*

**Dated as of August 1, 2006**

**LEASE AGREEMENT**  
*(Company to Agency)*

THIS LEASE AGREEMENT, dated as of the 1<sup>st</sup> day of August, 2006 by and between **X, LLC**, a limited liability company duly organized and validly existing under the laws of the State of New York and authorized to do business in the State of New York with offices at 109-115 Brookside Avenue, Chester, New York (the "Company") and **ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation duly existing under the laws of the State of New York with offices at 255-275 Main Street, Goshen, New York (the "Agency").

**WITNESSETH:**

The Company desires to rent to the Agency the real property, including any buildings, structures or improvements thereon, described in Schedule A attached hereto (the "Leased Premises") pursuant to the terms contained herein (the "Lease Agreement"), during the term of the leaseback agreement between the Agency and the Company dated the date hereof (the "Leaseback Agreement").

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Granting Clause. The Company hereby leases to the Agency the Leased Premises, upon the terms and conditions of this Lease Agreement.
2. Warranty of Title. The Company warrants that it has good and marketable title to Leased Premises and forever warrants the title to the Leased Premises.
3. Term. The term of this Lease Agreement shall be coterminous with the term of the Leaseback Agreement (the "Lease Term").
4. Rent. The Agency agrees that it will pay to the Company, for the use of the Leased Premises, rent of One Dollar (\$1.00) per annum.
5. Taxes. The Company agrees to pay all taxes to be assessed on, or charges or expenses incurred with respect to, the Leased Premises during the Lease Term.
6. Maintenance and Insurance of Premises. The Company shall maintain and insure the Leased Premises. The Agency shall not be required to maintain the Leased Premises or incur any costs with respect to the Leased Premises. All insurance or condemnation proceeds shall be distributed and governed by the Leaseback Agreement.
7. Lease Expiration. The parties agree that at the expiration of the Lease Term the Agency will surrender the Leased Premises to the Company pursuant to the terms and conditions of the Lease Agreement and the Leaseback Agreement in the then condition of the Premises.

8. Hold Harmless. The Company hereby releases the Agency from, agrees that the Agency shall not be liable for, and agrees to indemnify, defend and hold the Agency and its executive director, officers, members and employees, and their respective successors or personal representatives, harmless from and against any and all (i) liability for loss or damage to property or injury to or death of any and all persons that may be occasioned by any cause whatsoever pertaining to the Leased Premises or arising by reason of or in connection with the occupation or the use thereof or the presence on, in or about the Leased Premises or as a result of a breach by the Company of its representations or agreements contained herein or in the Leaseback Agreement, or (ii) liability arising from or expense incurred by the Agency's financing, construction, renovation, equipping, owning and leasing of the Leased Premises, including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. The foregoing indemnities shall apply notwithstanding the fault or negligence on the part of the Agency, or any of its respective members, directors, officers, agents or employees and irrespective of the breach of a statutory obligation or the application of any rule of comparative or apportioned liability; except, however, that such indemnities will not be applicable with respect to willful misconduct or gross negligence on the part of the indemnified party to the extent that such an indemnity would be prohibited by law.

9. Non-Merger. So long as any leasehold or sub-leasehold mortgage is in existence, unless all mortgagees shall otherwise expressly consent in writing, fee title to the Facility and the leasehold estate of the Agency therein created by this Lease Agreement shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Company or by Agency or by a third party, by purchase or otherwise.

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

To the Agency:           Orange County Industrial Development Agency  
                                  255-275 Main Street  
                                  Goshen, New York 10924  
                                  Attn: Administrative Director

With a Copy to:       Philip A. Crotty, Esq.  
                                  8 Stable Way  
                                  Cornwall-on-Hudson, New York 12520

And to:                   Harris Beach PLLC  
                                  99 Garnsey Road  
                                  Pittsford, New York 14534  
                                  Attn: Charles I. Schachter, Esq.

To the Company: X, LLC  
109-115 Brookside Avenue  
Chester, New York 10918  
Attn: President

With a Copy to: Robert F. Green, Esq.  
P.O. Box 908  
One Harriman Square  
Goshen, New York 10924

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

11. No Recourse; Special Obligation.

(a) The obligations and agreements of the Agency contained herein and any other instrument or document executed in connection herewith, and any other instrument or document supplemental thereto or hereto, shall be deemed the obligations and agreements of the Agency, and not of any member, officer, agent (other than the Company) or employee of the Agency in his individual capacity, and the members, officers, agents (other than the Company) and employees of the Agency shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby.

(b) The obligations and agreements of the Agency contained hereby shall not constitute or give rise to an obligation of the State or of the County of Orange, New York, and neither the State nor County of Orange, New York, shall be liable hereon or thereon, and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency, payable solely from the revenues of the Agency derived and to be derived from the sale or other disposition of the Facility (except for revenues derived by the Agency with respect to the Unassigned Rights, as such term is defined in the Leaseback Agreement).


(c) No order or decree of specific performance with respect to any of the obligations of the Agency hereunder shall be sought or enforced against the Agency unless (i) the party seeking such order or decree shall first have requested the Agency in writing to take the action sought in such order or decree of specific performance, and ten (10) days shall have elapsed from the date of receipt of such request, and the Agency shall have refused to comply with such request (or, if compliance therewith would reasonably be expected to take longer than ten (10) days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period, (ii) if the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Agency an amount or undertaking sufficient to cover such reasonable fees and expenses, and (iii) if the Agency refuses to comply with such request and the Agency's refusal to comply is

based on its reasonable expectation that it or any of its members, officers, agents (other than the Company) or employees shall be subject to potential liability, the party seeking such order or decree shall agree to indemnify and hold harmless the Agency and its members, officers, agents (other than the Company) and employees against all liability expected to be incurred as a result of compliance with such request.

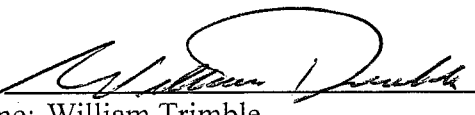
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IN WITNESS WHEREOF, the Company and the Agency have caused this Lease Agreement to be executed in their respective names, all as of the date first above written.

X, LLC

By:   
Name: Brian Leentjes  
Title: Member

ORANGE COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By:   
Name: William Trimble  
Title: Administrative Director

**Schedule A Description**

**Revised: 07/24/2006**

Title Number **GAC05460**

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ALL that certain plot, piece or parcel of land situate lying and being in the Village and Town of Chester, County of Orange and State of New York being shown and designated as Lot No. 1 on a certain map entitle "Subdivision and Lot Line Change for LEENTJES, Village of Chester, Orange County, N.Y." dated 1/3/06, last revised 6/15/06 and filed in the Office of the Clerk of the County of Orange on 7/6/06 as and by Map No. 581-06.