

**X, LLC, 717 LLC AND BAZS, LLC  
(collectively, the "Company")**

**TO**

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

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**LEASE AGREEMENT**

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*This conveyance of leasehold interest concerns a certain parcel of land located at  
109-115 Brookside Avenue in the Village and Town of Chester, Orange County, New York  
TMID Nos.: Part of 107-2-14.2, Part of 107-2-15 and Part of 2-1-61.2*

**Dated as of April 1, 2016**

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

THIS LEASE AGREEMENT, dated as of the 1<sup>st</sup> day of April, 2016 (the "Lease Agreement"), is by and between **X, LLC, 717 LLC AND BAZS, LLC**, each a limited liability company formed and validly existing under the laws of the State of New York with an address of 366 Bellvale Road, Chester, New York 10918 (collectively, 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 Orange County Business Accelerator, 4 Crotty Lane, Suite 100, New Windsor, New York 12553 (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, during the term of that certain leaseback agreement, between the Agency and the Company, dated as of 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 the 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 this Lease Agreement and the Leaseback Agreement in the then condition of the Leased 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, constructing, 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 negligence on the part of the indemnified party.

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. The Agency will not mortgage, encumber or transfer its interest in the Facility without the consent and/or approval of the Company.

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  
Orange County Business Accelerator  
4 Crotty Lane, Suite 100  
New Windsor, New York 12553  
Attn: Executive Director

With Copy To:

Kevin T. Dowd, Esq.  
Attorney - Orange County IDA  
46 Daisy Lane  
Montgomery, New York 12549

And To:

Harris Beach PLLC  
99 Garnsey Road  
Pittsford, New York 14534  
Attn: Russell E. Gaenzle, Esq.

To the Company:

X, LLC  
717 LLC  
BAZS, LLC  
366 Bellvale Road  
Chester, New York 10918  
Attn.: Brian Leentjes, Member

With Copy To:

Robert Green, Esq.  
55 St. John Street  
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; provided that such employees did not engage in willful misconduct or negligent acts or omissions.

(b) The obligations and agreements of the Agency contained hereby shall not constitute or give rise to an obligation of the State of New York (the "State") or Orange County, New York, and neither the State nor Orange County, 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 Leased Premises (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 place, 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.

12. Execution of Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

13. Subordination of this Lease. Except for the Unassigned Rights, this Lease Agreement is subject and subordinate to (i) that certain mortgage and security agreement granted by X, LLC to Empire State Certified Development Corporation ("ESCDC") in the amount of \$1,181,000, dated January 25, 2008 and recorded with the Orange County Clerk on January 28, 2008 in Liber 12607 of Mortgages, at Page 1259, as assigned by ESCDC to the United States Business Administration ("SBA") by assignment of mortgage, dated January 25, 2008 and recorded with the Orange County Clerk on January 28, 2008 in Liber 12607 of Mortgages, at Page 1304, as modified by a certain mortgage modification agreement between X, LLC, 717 LLC and SBA dated October 9, 2012 and recorded with the Orange County Clerk on December 6, 2013, in Liber 13689 of Mortgages, at Page 1377, as subordinated pursuant to that certain subordination agreement, from X, LLC and 717 LLC to SBA and ESCDC, dated October 9, 2012 and recorded with the Orange County Clerk on December 6, 2013 in Liber 13689 of Mortgages, at Page 1387 (collectively, the "First Mortgage"); and (ii) that certain mortgage and security agreement granted by X, LLC and 717 LLC to ESCDC in the amount of \$348,000, dated October 9, 2012 and recorded with the Orange County Clerk on November 26, 2012 in Liber 13452 of Mortgages, at Page 1315, as assigned by ESCDC to SBA by assignment of Mortgage, dated October 9, 2012 and recorded with the Orange County Clerk on November 26, 2012 in Liber 13452 of Mortgages, at Page 1337 (collectively, the "Second Mortgage"); and (iii) any future mortgages granted by the Company and the Agency in favor of a lender or lenders designated by the Company and recorded in the office of the Orange County Clerk.

*[Remainder of Page Intentionally Left Blank]*

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:   
Brian Leentjes, Member

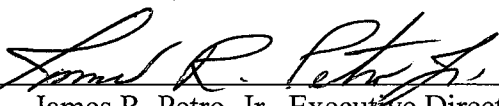
**717 LLC**

By:   
Brian Leentjes, Member

**BAZS, LLC**

By:   
Brian Leentjes, Member

**ORANGE COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY**

By:   
James R. Petro, Jr., Executive Director

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


On the \_\_\_\_ day of April in the year 2016, before me, the undersigned, personally appeared **Brian Leentjes**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

  
\_\_\_\_\_  
Notary Public

RICHARD J. OLSON  
Notary Public, State of New York  
No. 4838959  
Qualified in Dutchess County  
Commission Expires March 30, 2019

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

On the 28<sup>th</sup> day of April in the year 2016, before me, the undersigned, personally appeared **James R. Petro, Jr.**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

  
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Notary Public

KELLY A. REILLY  
Notary Public, State of New York  
Registration #01RE6256838  
Qualified in Ulster County  
Commission Expires March 5, 2020

## **SCHEDULE A**

### **Legal Description**

**107-2-14.2**

ALL that certain plot, piece or parcel of land with the buildings and improvements thereon erected, situate, lying and being in the Village of Chester, Town of Chester, County of Orange and State of New York.

BEING AND INTENDED to be all the Premises comprising Lot Number "1" as depicted on a certain Map entitled "Subdivision and Lot Line Change for Leentjes" last revised June 15, 2006 and filed with the Orange County Clerk on July 6, 2006 as Map #581-06.

Together with and subject to access easement in Liber 12198 page 1998 and in Liber 13214 page 1135.

**107-2-15**

ALL that certain plot, piece or parcel of land with the buildings and improvements thereon erected, situate, lying and being as follows:

BEING AND INTENDED to be all that certain plot, piece or parcel of land situate, lying and being in the Village of Chester, Town of Chester, County of Orange, State of New York, known and designated as being Lot #2 as shown on the map entitled "Subdivision and Lot Line Change for Leentjes" filed in the Orange County Clerk's Office on July 6, 2006 as Map No. 581-06.

Together with and subject to access easement in Liber 12198 page 1998 and in Liber 13214 page 1135.

**CONTINUED.....**



**SCHEDULE A (continued)**

2-1-61.2

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

BEGINNING at a point marked by an iron pipe in the division line between lands now or formerly Talmadge on the North (Liber 986 cp 210) and lands to be conveyed to Jimmy D. Dastur and Christine Olson Dastur on the South; thence running

1. Through State Highway Route 17M, South 77 Degrees 37' 44" East to the assumed center line of State Highway Route 17M; thence
2. Along the assumed center line of State Highway Route 17M, South 01 Degrees 56' 00" East 70.17 feet to a point in lands now or formerly Village of Chester (Liber 2249 cp 719); thence the following courses and distances along lands now or formerly Village of Chester:
3. South 88 Degrees 04' West 27.46 feet to a point; thence
4. South 30 Degrees 04' 19" West 94.34 feet to a point; thence
5. South 01 Degrees 56' East 60.00 feet to a point; thence
6. North 88 Degrees 04' East 77.46 feet to a point in the center line of State Highway Route 17M; thence
7. Along the center line of State Highway Route 17M, South 01 Degree 56' 00" East 80.16 feet to a point; thence
8. Through State Highway Route 17M and along lands now or formerly I & J Associates, Inc. (Liber 2304 cp 265), South 85 Degrees 15' 55" West 107.07 feet to a point; thence
9. Along lands now or formerly I & J Associates, Inc. South 09 Degrees 43' 55" West 216.52 feet to a point in lands now or formerly Quackenbush (Liber 2214 cp 1025); thence
10. Along lands now or formerly Quackenbush and partially along a chain link fence on a course South 89 Degrees 57' West passing through an iron pipe found at 56.56 feet for a total distance of 220.93 feet to an iron pipe found in a stone wall in lands now or formerly G Mac Beth Joel (Liber 3521 cp 316); thence
11. Along lands now or formerly G Mac Beth Joel and along a stone wall North 13 Degrees 57' 30" West 386.52 feet to an angle point; thence
12. Still along the aforementioned and a stone wall North 21 Degrees 15' 30" East 233.00 feet to an iron pipe found in lands now or formerly Talmadge; thence
13. Along lands now or formerly Talmadge, South 77 Degrees 37' 44" East 346.03 feet to the beginning point.

SAID premises being known and designated as Lot No. 1 and Lot No. 2 as shown on a certain subdivision map entitled, "Subdivision of Property for Jimmy D. Dastur and Christine Olson Dastur, Town of Chester, Orange County, NY", made by James A. Dillin and filed in the Orange County Clerk's Office on September 11, 1997 as Map No. 209-97.