
PROJECT AGREEMENT

Between

PARADOX BREWERY LLC

and

ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Dated February 15, 2018

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PROJECT AGREEMENT

THIS PROJECT AGREEMENT, dated as of February 15, 2018 (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, PO Box 217, Elizabethtown NY 12932, and PARADOX BREWERY LLC, a limited liability company (the "Company"), with principal offices located at 154 U.S. Route 9, Schroon Lake, New York 12870.

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 the Land (hereinafter defined) to be leased to the Company by the Agency pursuant to that certain Agency Lease dated the date hereof (the "Agency Lease"), for the (i) acquisition, construction, equipping and furnishing of an approximately 100 x 200 metal building for use as a tasting room and brewing facility for the production of craft beer to be constructed in North Hudson, New York, including all improvements thereto and all buildings, fixtures and appurtenances and additions thereto and substitutions and replacements thereof (the "Facility") and (ii) certain necessary preliminary and incidental expenses related thereto (the "Project"), all subject to the terms and conditions hereof; 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 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 August 31, 2017 (“Inducement and Authorization Date”) the Agency took official action with respect to the Leased Property, authorizing the undertaking of the Project, and on January 24, 2018, as amended on February 6, 2018, 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; and

WHEREAS, the Company has made an application to NYBDC Local Development Corporation (“NYBDC LDC”) located in Albany, New York for an interim construction loan in the amount of \$2,048,000 (the “Construction Loan”) to be used by the Company to undertake the financing of the Project; and

WHEREAS, the Company has made an application to US Small Business Administration (“SBA”) acting by and through its certified development corporation, Empire State Certified Development Corporation (“ESCDC”) for permanent financing in the form of a Security Bank Loan in the amount of \$2,095,000 (the “SBA 504 Loan”) to be used by the Company to undertake the financing of the Project; and

WHEREAS, as security for the SBC 504 Loan, the Company shall grant a mortgage in the Project to NYBDC LDC (the “NYBDC LDC Mortgage”); and

WHEREAS, the Company has made an application to Bank of Greene County (the “Bank”), located in Catskill, New York for construction/permanent financing in the form of a bank loan in the amount of \$2,560,000 (the “Bank Loan”) to be used by the Company to undertake the financing of the Project; and

WHEREAS, as security for the Bank Loan, the Agency and the Company shall grant a mortgage in the Project to the Bank (the “Bank Mortgage”).

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.

“Bank” means the Bank of Greene County, a bank or trust company located in Catskill, New York and authorized to do business in the State of New York.

“Bank Mortgage” means the mortgage on the Project dated as of February 15, 2018, by and among the Company, the Agency and the Bank in the principal amount of the Bank Loan.

“Building” means that certain building to be renovated and or constructed in North Hudson, 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 February 15, 2018 or such later date the Company Documents are executed and delivered.

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

“Company” means Paradox Brewery 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, the PILOT Agreement, the Mortgages, 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 or, if the acquisition was made prior to the Commencement Date, in reliance on the Sales Tax Letter, for incorporation in the Leased Property or for use in connection with the Leased Property.

“Fixed Termination Date” means the date immediately preceding the eleventh (11th) anniversary of the Commencement Date, as such immediately preceding 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; 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, the Company or the Bank.

“Inducement and Authorization Date” means August 31, 2017.

“Inducement Resolution” means the resolution of the board of directors of the Agency adopted on August 31, 2017.

“Land” means the parcel of land located in North Hudson, New York on which the Project is situate which is subject to the Company Lease Agreement.

“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.

“Mortgages” means collectively the Bank Mortgage and the NYBDC LDC Mortgage.

“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.

“NYBDC LDC Mortgage” means the mortgage on the Project dated as of February 15, 2018, by and among the Company and NYBDC Local Development Corporation in the principal amount of the Construction Loan.

“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 (i) those acceptable to the Bank prior to making the Bank Loan and liens of the Bank with respect to the Project including the Bank Mortgage and certain UCC filings and (ii) those acceptable to NYBDC LDC prior to making the Construction Loan and liens of NYBDC LDC with respect to the Project including the NYBDC LDC Mortgage and certain UCC filings naming NYBDC and SBA as secured parties, (iii) those acceptable to the SBA, acting by and through ESCDC, prior to making the SBC 504 Loan and liens of the SBA, with respect to the Project including the Land and (iv) “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.

“PILOT Agreement” means the payment in lieu of tax agreement dated February 15, 2018, by and among the Company, the Agency, the County of Essex, the Town of North Hudson and Schroon Lake Central School District.

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

“Resolution” means the final approving resolution of the Agency adopted on January 24, 2018, as amended on February 6, 2018.

“Sales Tax Exemption Application” means an annual application from the Company to the Agency, commencing as of January 1, 2018, containing an estimate of the costs of the Project to be incurred in the next succeeding calendar, a form of which is attached hereto as Exhibit C.

“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.

“Sales Tax Letter” means the initial Letter of Authorization for Sales Tax Exemption, which the Agency has made available to the Company a form of which is attached hereto as Exhibit B, and future letters issued by the Agency upon the receipt of a Sales Tax Exemption Application.

“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 24, 2017 (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, or cause the Project to be operated, 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 the Sales Tax Letter, and it understands that a failure to comply with such applicable law (or with the terms and conditions of the Sales Tax Letter or 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 Paradox Brewery 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 at 154 U.S. Route 9, Schroon Lake, New York 12870, in North Hudson, 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, if effected in accordance with the terms and conditions set forth in the attached Letter of Authorization for Sales Tax Exemption of the Agency, and the Company hereby represents that this contract, agreement, invoice, bill or purchase order is in compliance with the terms of the Letter of Authorization for Sales Tax Exemption. The liability of the Agency hereunder is limited as set forth in the Letter of Authorization for Sales Tax Exemption. 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) (i) The Agency shall make the initial Sales Tax Letter available to the Company on the Commencement Date. The Agency, at the sole cost and expense of the Company, shall also execute such other authorizations, letters and documents as may be reasonably necessary to permit the Company to obtain the intended benefits hereunder.

(ii) The initial Sales Tax Letter shall be dated as of the Inducement and Authorization Date August 31, 2017 and shall be effective for a term commencing on the Inducement and Authorization Date and expiring on December 31, 2018.

(iii) Annually, thereafter, on or before December 31st of each year, commencing December 31, 2018 and ending upon the earliest of (A) the termination of this Agreement, or (B) the termination of the Sales Tax Letter pursuant to Section 4.3 hereof, the Company shall deliver to the Agency a Sales Tax Exemption Application substantially in the form attached hereto as Exhibit C. Such application shall contain an estimate of the costs of the Project to be incurred for the next succeeding calendar year and, upon its approval of thereof, the Agency shall provide an updated Sales Tax Letter to the Company.

(iv) The authorizations set forth in the Sales Tax Letter shall automatically be suspended after notice to the Company that the Company is in default under this Agreement until the Company shall pay any amounts due, and/or perform all of its obligations, with respect to any such default.

(v) The sales and use tax exemption to be provided pursuant to the Sales Tax Letter:

(A) 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;

(B) shall only be utilized for items of Exempt Property which shall be purchased, completed or installed for incorporation into or use (i) at the Project, and (ii) solely by the Company and its Affiliates and, subject to the further limitations set forth in subparagraph “(F)” 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);

(C) 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;

(D) shall not be available for any date subsequent to which the Sales Tax Letter shall have been suspended as provided in Section 4.3 (c)(iv) hereof; provided, however, that in the event the Company shall thereafter cure any defaults under this Agreement, or the Agency shall thereafter waive such suspension, as applicable, the sales and use tax exemption shall again continue from the date of such cure or such waiver;

(E) shall not be available for the purchase of (i) rolling stock, (ii) 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), (iii) fine art, objects d'art or other similar decorative items, (iv) electricity, gas, fuel oil and other utilities, (v) maintenance or cleaning services or supplies, or (vi) furnishings, office equipment, or other items of personal property (except such as will, upon installation, become part of the Building structure, including fixtures) for the use of any space tenant; and.

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

(vi) In the event that the Company shall utilize the sales or use tax exemption authorization provided pursuant to the Sales Tax Letter in violation of the provisions of Section 4.3(c)(iv) hereof, 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.

(vii) In any calendar year during the term hereof, in which the Company makes purchases in reliance on the Sales Tax Letter, the Company shall, on or before January 1 of the following year:

(A) deliver to the Agency a certificate of an Authorized Representative of the Company, in the form annexed hereto as Schedule A, certifying (i) as to each sales or use tax exemption availed of by the Company, the dollar amount of same and the date availed of, all as availed of by the Company in the immediately preceding calendar year, and the specific items of Project costs to which they shall relate, (ii) that all such sales or use tax exemptions so availed of

were in compliance with the provisions of the Sales Tax Letter and of this Section 4.3, and (iii) as to the dollar amount of all sales and use tax exemptions availed of by the Company from the Commencement Date through the end of the calendar year period to which such certificate shall relate; and

(B) deliver to the Agency, at the Agency's request, an opinion of an Independent Accountant to the effect that such Independent Accountant has audited the use by the Company of the Sales Tax Letter for the preceding calendar year, and has audited the terms and provisions of the Sales Tax Letter and of this Section 4.3 and has further audited the certificates of the Company provided in paragraph (A) above for the preceding calendar year, and such certificates were properly prepared and accurately reflect the matters certified therein.

(viii) Upon request by the Agency of, and reasonable notice to the Company and subject to the Company's confidentiality requirements, the Company shall make available at reasonable times to the Agency and the Independent Accountant all such books and records of the Company and require all appropriate officers and employees of the Company to respond to reasonable inquiries by the Agency and the Independent Accountant, as shall be necessary to indicate in reasonable detail those costs to which the Company shall have utilized the Sales Tax Letter and the dates and amounts so utilized.

(ix) The Company shall obtain covenants for the benefit of the Agency from each materialman, supplier, vendor or laborer to whom the Sales Tax Letter is presented by the Company to the effect that such materialman, supplier, vendor or laborer shall not utilize the Sales Tax Letter for any purpose other than for the Project.

(d) The Company shall observe and comply with the terms and conditions of the Sales Tax Letter.

(e) 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 Letter shall not be delivered by the Agency unless the Company shall have completed and submitted to the Agency Form ST-60 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 Letter until the Company shall have submitted to the Agency a completed Form ST-60 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, and shall immediately and without demand return to the Agency the Sales Tax Letter issued to the Company by the Agency which is in the Company's possession or in the possession of any agent of the Company. 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, the Bank, NYBDC LDC, ESCDC or SBA 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 by reason of the Sales Tax Letter 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, the Company, the Bank, NYBDC LDC, ESCDC or SBA, if any, 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 the Bank, if any, 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 respective interests of the Agency, the Bank, NYSDC LDC, ESCDC or SBA, if any, in the Project.

(b) The Company may at its sole expense contest after prior written notice to the Agency, the Bank, NYBDC LDC, ESCDC or SBA, if any, 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, the Company, the Bank, NYBDC LDC, ESCDC or SBA, if any, 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, the Bank, NYBDC LDC, ESCDC or SBA, if any, 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 Bank, NYBDC LDC, ESCDC and SBA, as appropriate, if any, and 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, the Agency, the Bank, NYBDC LDC, ESCDC or SBA, if any, 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 Bank, NYBDC LDC, ESCDC or SBA, as appropriate, if any.

The Company releases the Agency, the Bank, NYBDC LDC, ESCDC and SBA from, agrees that the Agency, the Bank, NYBDC LDC, ESCDC and SBA, shall not be liable for, and agrees to indemnify and hold harmless the Agency, the Bank, NYBDC LDC, ESCDC and SBA, 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, the Bank, NYBDC LDC, ESCDC or SBA).

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 NYBDC LDC Mortgage, the Bank Mortgage, and 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. Subject to the rights of the Bank, NYBDC LDC, ESCDC or SBA, if any, 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, subject to the rights of the Bank, NYBDC LDC, ESCDC or SBA, if any, 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 Bank, NYBDC LDC, ESCDC, SBA or 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.

Section 5.10 Flood Insurance. The Company will promptly obtain or cause to be obtained flood insurance, if so required by the Bank, NYBDC LDC, ESCDC or SBA.

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 and the Bank, NYBCDC LDC, ESCDC or SBA, if any.

(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 prior written consent from the Bank, and no objection from the Agency, if applicable; 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 ninety (90) 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 ninety (90) 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 ninety (90) 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 suspend or terminate the Sales Tax Letter or require the Company to surrender the Sales Tax Letter to the Agency for cancellation; or

(c) 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 PILOTs.

(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, mortgage recording 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-ATTORNMEN

Section 9.1 Subordination to Mortgage. This Agreement and any and all modifications, amendments, renewals and extensions hereof shall be subject and subordinate to any mortgage, security agreement or collateral in favor of the Bank, NYBDC LDC, ESCDC or SBA, as their respective interests may appear, with respect to the Project, and to any and all modifications, amendments, consolidations, extensions, renewals, replacements and increases thereof.

Section 9.2 Non-Attornment. The Agency shall maintain a leasehold interest in the Land pursuant to the straight lease arrangement herein and in the Agency Lease and the Company Lease Agreement and the Agency shall not be bound to the Bank, NYBDC LDC, ESCDC or SBA or such other party under the terms, covenants and conditions of this Agreement

or of the Agency Lease or the Company Lease Agreement, and the Agency shall not attorn to, and shall not be liable to and shall not recognize the Bank, NYBDC LDC, ESCDC or SBA or such other party as the Agency's new landlord for the balance of the term of this Agreement upon and subject to all the terms and conditions thereof, and this Agreement and the rights of Agency and the Company hereunder shall continue in full force and effect under this Agreement between the Agency and the Company or such other party upon all the terms, covenants, and agreements set out in the Agency Lease and the Company Lease Agreement.

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

With a copy to: Jennifer Briggs
Briggs Norfolk LLP
2296 Saranac Avenue
Lake Placid, New York 12946

(b) If to the Company: Paradox Brewery LLC
154 US Route 9
Schroon Lake, New York 12870
Attention: Paul Mrocka

with a copy to: Lemery Greisler LLC
Attn: James Carminucci, Esq.
60 Railroad Place, Suite 502
Saratoga Springs, New York 12866

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, the Agency and the Bank, if any, 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. This Agreement was executed and delivered on February 15, 2018.

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 and the Bank Mortgage or the NYBDC LDC Mortgage 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.

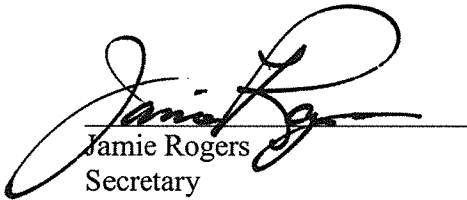
Section 10.11 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

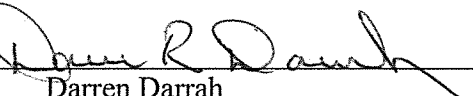
IN WITNESS WHEREOF, the Agency has caused this Agreement to be executed in its corporate name and its corporate seal to be hereunto affixed and attested by its duly authorized officers and the Company has caused this Agreement to be executed by its duly authorized officer, all as of the date first above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

(SEAL)

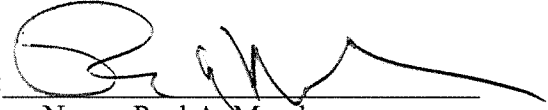
ESSEX COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

ATTEST:


Jamie Rogers
Secretary

By: 
Darren Darrah
Chairman

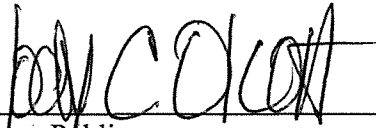
PARADOX BREWERY LLC,

By: 
Name: Paul A. Mrocka
Title: Manager

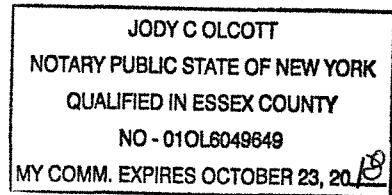
[Signature Page to Project Agreement]

STATE OF NEW YORK)
 ss:
COUNTY OF ESSEX)

On this 13 day of February 2018 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.

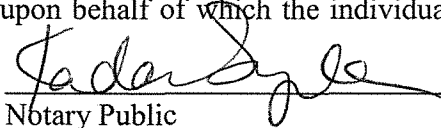


Notary Public



STATE OF NEW YORK)
 ss:
COUNTY OF ALBANY)

On this 15th day of February 2018 before me, the undersigned, a notary public in and for said state, personally appeared Paul A. Mrocka 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

KADAN SAMPLE
Notary Public - State of New York
No. 02SA6165278
Qualified in Saratoga County
My Commission Expires September 19, 2019

EXHIBIT A-1
DESCRIPTION OF THE LAND

Appendix A - 1

All that certain piece or parcel of land situate and being in the Town of North Hudson, County of Essex, and State of New York, bounded and described as follows:

Beginning at a concrete monument located on the westerly right of way of U.S. Route 9 at its intersection with the property division line between the lands now or formerly of Essex County as described in liber 1751 of deeds at page 49 on the north, herein described and lands now or formerly of the Town of North Hudson as described in liber 1010 of deeds at page 260 on the south; thence South $84^{\circ}46'30''$ West, 556.00 feet to a capped iron rod set on the easterly right of way of Frontier Town Road at its intersection with the property division line between said lands of Essex County, herein described on the north and said lands of the Town of North Hudson on the south; thence along the easterly right of way of Frontier Town Road the following twelve courses and distances: 1) North $10^{\circ}45'00''$ East, 305.49 feet to a point; 2) North $10^{\circ}53'37''$ East, 119.08 feet to a point; 3) North $11^{\circ}59'40''$ East, 50.93 feet to a point; 4) North $18^{\circ}56'04''$ East, 95.49 feet to a point; 5) North $23^{\circ}23'04''$ East, 108.96 feet to a point; 6) North $33^{\circ}50'59''$ East, 88.38 feet to a point; 7) North $43^{\circ}24'01''$ East, 106.17 feet to a point; 8) North $55^{\circ}31'48''$ East, 128.45 feet to a point; 9) North $64^{\circ}30'42''$ East, 132.91 feet to a point at its intersection with the property division line between said lands of Essex County on the north and south thence along the lands of Essex County South $88^{\circ}48'22''$ East, 290.34 feet to a point at its intersection with the westerly right of way of U.S. Route 9; thence along the westerly right of U.S. Route 9 the following two courses and distances: 1) South $14^{\circ}47'51''$ West, 578.94 feet to a point; 2) South $17^{\circ}27'59''$ West, 336.74 feet to the point of beginning. Containing 11.284 acres of land being more or less.

The hereinabove described premises are more graphically depicted on a map entitled "Lands Now or Formerly of Essex County Parcel 2 To Be Acquired by Paradox Brewery," which map was prepared by Chazen Engineering, Land Surveying and Landscape Architecture, Co., D.P.C. and dated October 10, 2017, which map was duly filed in the Office of the Essex County Clerk on the 14th day of February, 2018 as Instrument #7452 pages 1 and 2.

EXHIBIT A-2
DESCRIPTION OF THE BUILDING

ESSEX COUNTY, NEW YORK
PART OF
SECTION: 125.1
BLOCK: 1
LOT: 21.000

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 Straight-Lease Transaction (Paradox Brewery LLC Project) located in the Town of North Hudson, County of Essex, New York.

EXHIBIT A-4
FORMS OF AGENCY LEASE AND COMPANY LEASE AGREEMENT

ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AND

PARADOX BREWERY LLC

AGENCY LEASE

DATED AS OF FEBRUARY 15, 2018

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AGENCY LEASE

THIS AGENCY LEASE dated as of February 15, 2018 (“Agency Lease”) by and between the ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York having its office at 7566 Court Street, PO Box 217, Elizabethtown, New York 12932 (the “Agency” or “Lessor”), as landlord, and Paradox Brewery LLC, a limited liability company organized and existing under the laws of the State of New York and having an address at 154 U.S. Route 9, Schroon Lake, New York 12870 (the “Company”), as tenant;

W I T N E S S E T H:

WHEREAS, the New York State Industrial Development Agency Act, being Title I of Article 18-A of the General Municipal Law, Chapter 24, of the Consolidated Laws of the State of New York, as amended (the “Enabling Act”), authorizes and provides for the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and dispose of land and any buildings or other improvements, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for, among other things, manufacturing, warehousing, research, commercial or industrial purposes, in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their recreation opportunities, prosperity and standard of living; and

WHEREAS, the Enabling Act further authorizes each such agency to lease or sell any or all of its facilities; and

WHEREAS, the Lessor was created pursuant to and in accordance with the provisions of the Enabling Act by Chapter 563 of the Laws of 1973 of the State of New York, as amended (said chapter and the Enabling Act being hereinafter collectively referred to as the “Act”), and is empowered under the Act to undertake the Project (as hereinafter defined) in order to so advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and improve their standard of living; and

WHEREAS, the Lessor, by resolution adopted on January 24, 2018, as amended on February 6, 2018 (the “Resolution”), resolved to undertake a project (the “Project”) consisting of (A) (1) the acquisition of an interest in an approximately 11 acre parcel or parcels of land constituting tax map parcel 125.1-1-21 and located in North Hudson, New York (the “Land”), (2) the construction of an approximately 100 x 200 metal building (the “Facility”) located on the Land to be used as a tasting room and brewing facility for the production of craft beer and (3) the acquisition and installation in the Facility of certain machinery and equipment (the “Equipment” and together with the Land and the Facility, collectively, the “Project Facility”), (B) the lease (with the obligation to purchase) or the sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency and (C) the providing by the Agency of certain “financial assistance” (as defined in the Act) in the form of exemptions from mortgage recording tax, real property taxes and state and local sales tax; and;

WHEREAS, the providing of the Project Facility and the lease of the Project Facility to the Company pursuant to this Agency Lease is for a proper purpose, to wit, to advance the job opportunities, health, general prosperity and economic welfare of the inhabitants of the State of New York, pursuant to the provisions of the Act (as hereinafter defined); and

WHEREAS, all things necessary to constitute this Agency Lease a valid and binding agreement by and between the parties hereto in accordance with the terms hereof have been done and performed, and the creation, execution and delivery of this Agency Lease have in all respects been duly authorized;

NOW, THEREFORE, THE LESSOR AND THE COMPANY HEREBY AGREE AS FOLLOWS:

ARTICLE 1

DEFINITIONS

SECTION 1.1 DEFINITIONS. The terms defined in this Section 1.1 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Agency Lease and of any agreement supplemental hereto shall have the respective meanings specified in this Section 1.1.

“Act” means Title 1 of Article 18-A of the General Municipal Law of the State, as amended from time to time, together with Chapter 855 of the Laws of 1971 of the State.

“Agency Lease” means this lease agreement, as said lease agreement may be amended or supplemented from time to time in accordance with the terms hereof.

“Authorized Representative” means the person or persons at the time designated to act in behalf of the Lessor or the Company, as the case may be, by written certificate furnished to the Company and the Lessor and signed on behalf of (A) the Lessor by an officer thereof and (B) on behalf of the Company by an officer, member or manager thereof.

“Bank” means The Bank of Greene County, located in Catskill, New York.

“Bank Loan” means the loan or loans from the Bank to the Company in the principal amount of \$2,560,000 evidenced by the Bank Note.

“Bank Mortgage” means the mortgage or mortgages dated the date hereof in the aggregate principal amount of \$2,560,000 from the Company in favor of the Bank, as said mortgage, security agreement and assignment of rents and leases may be modified, supplemented, consolidated or amended from time to time.

“Bank Note” means the promissory note or notes, dated the date hereof, in the aggregate principal amount of \$2,560,000 executed and delivered by the Company to the Bank, as said promissory note may be amended, modified, supplemented, consolidated or extended.

“Bill of Sale to the Company” means the bill of sale from the Lessor to the Company (substantially in the form shown in Exhibit “C” to the Agency Lease) to be delivered to the Company upon satisfaction of the conditions set forth in the Agency Lease.

“Bill of Sale to the Lessor” means the bill of sale from the Company to the Lessor conveying the Company’s interest in the Equipment.

“Bond Counsel” means Squire Patton Boggs (US) LLP or such other attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and reasonably acceptable to the Lessor.

“Business Day” means a day on which banks located in New York City are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Closing Date” means the date of the execution and delivery of this Agency Lease by the Company and the Lessor.

“Code” means the Internal Revenue Code of 1986, as amended and regulations of the Department of Treasury promulgated thereunder and under the Internal Revenue Code of 1954, as amended.

“Company” means Paradox Brewery LLC, a limited liability company organized and existing under the laws of the State of New York, and its successors and permitted assigns.

“Company Lease Agreement” means that certain company lease of even date herewith by and between the Company, as landlord, and the Lessor, as tenant, as said company lease may be amended or supplemented from time to time in accordance with the terms thereof.

“Completion Date” means the date which is certified by an Authorized Representative of the Company as the date of completion of the construction of the Facility and the installation of the Equipment pursuant to this Agency Lease and the Project Agreement.

“Condemnation” means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any Governmental Authority.

“Construction Period” means the period (A) beginning on the date of commencement of construction of the Facility and installation of the Equipment, and (B) ending on the Completion Date.

“Equipment” means the materials, machinery, equipment, fixtures or furnishings acquired described in Exhibit “B” attached to this Agency Lease.

“Event of Default” means any of those events defined as Events of Default by the terms of this Agency Lease, the Company Lease Agreement and the Project Agreement, and/or any other document now or hereafter executed by the Agency and the Company in connection with the Project Facility.

“Facility” means the approximately 100 x 200 square foot building constructed or to be constructed on the Land.

“Governmental Authority” means the United States, the State and any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of them.

“Land” means a leasehold interest in the approximately 11 acre parcel of land located in the Town of North Hudson, County of Essex, State of New York as more particularly described on Exhibit A to this Agency Lease.

“Lease” or “Leases” means any agreements of lease or sublease with respect to all or portions of the Project Facility, as said agreements of lease or sublease may have been or may from time to time be hereinafter modified, extended and revised, and any future lease or sublease affecting any portion of the Project Facility.

“Lease Term” shall have the meaning assigned to such term in Section 5.2 hereof.

“Leasing Documents” means the Company Lease Agreement, the Bill of Sale to the Lessor, this Agency Lease, the PILOT Agreement, the Project Agreement and any other document now or hereafter executed by the Lessor and the Company in connection with the Project Facility, as the same may be amended or supplemented from time to time in accordance with the terms thereof.

“Lessor” means (A) the Essex County Industrial Development Agency and its successors and assigns, and (B) any public benefit corporation or other public corporation resulting from or surviving any consolidation or merger to which the Essex County Industrial Development Agency or its successors or assigns may be a party.

“Lien” means any interest in Property securing an obligation owed to a Person whether such interest is based on the common law, statute or contract, and including but not limited to a security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” includes reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including but not limited to mechanics’, materialmen’s warehousemen’s and carriers’ liens and other similar encumbrances, affecting real property. For the purposes hereof, a Person shall be deemed to be the owner of Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

“Lien Law” means the Lien Law of the State.

“Local Authority” means any Governmental Authority which exercises jurisdiction over the Project Facility.

“Local Requirement” means any law, ordinance, order, rule or regulation of a Governmental Authority or a Local Authority, respectively.

“NYBDC LDC” means New York Business Development Corporation, located in Albany, New York, and its successors and assigns.

“NYBDC LDC Loan” means the loan or loans from the NYBDC LDC to the Company in the principal amount of \$2,095,000 evidenced by the NYBDC LDC Note.

“NYBDC LDC Note” means the promissory note or notes, dated the date hereof, in the aggregate principal amount of \$2,048,000 executed and delivered by the Company to NYBDC LDC, as said promissory note may be amended, modified, supplemented, consolidated or extended.

“NYBDC LDC Mortgage” means the mortgage or mortgages dated the date hereof in the aggregate principal amount of \$2,048,000 from the Company in favor of NYBDC LDC, as said mortgage, security agreement and assignment of rents and leases may be modified, supplemented, consolidated or amended from time to time.

“Permitted Encumbrances” means and includes: (i) in the case of real properties, easements, restrictions, exceptions, reservations or defects which, in the aggregate, do not interfere with the continued use of such properties for the purposes for which they are used and do not affect the value thereof; (ii) liens, if contested in good faith by appropriate proceedings as allowed pursuant to Section 8.8 of this Agency Lease; (iii) existing leases by the Company of real and personal property; (iv) mortgage liens and/or security interests granted by the Company from time to time, (v) liens arising out of or created by the Leasing Documents; (vi) liens allowed pursuant to the terms of the Bank Mortgage and the NYBDC LDC Mortgage and (vii) such other encumbrances as may be consented to, from time to time, by the Lessor and the Company.

“Person” shall mean any legal entity, including without limitation an individual, a corporation, a company, a voluntary association, a partnership, a trust, an unincorporated organization or a government, or any agency, instrumentality or political subdivision thereof.

“PILOT Agreement” means the payment in lieu of tax agreement dated the Closing Date by and between the Lessor and the Company, as said payment in lieu of tax agreement may be amended or supplemented from time to time.

“Project” means that project undertaken by the Lessor consisting of (A) the acquisition of the Land, (B) the construction of the Facility and (C) the acquisition and installation in the Facility of the Equipment.

“Project Agreement” means that certain uniform agency project agreement of even date herewith by and between the Company and the Lessor as said uniform agency project agreement may be amended or supplemented from time to time in accordance with the terms thereof.

“Project Facility” means the Land, the Facility and the Equipment.

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

“Requirement” means any law, ordinance, order, rule or regulation of a Governmental Authority or a Local Authority, respectively.

“Resolution” means the resolution duly adopted by the Lessor on January 24, 2018, as amended on February __, 2018 authorizing the execution and delivery of the Leasing Documents to which the Lessor is a party.

“SEQRA” means the New York State Environmental Quality Review Act constituting Article 8 of the New York state Environmental Conservation Law and the regulations promulgated thereunder.

“State” means the State of New York.

“Unassigned Rights” means (A) the rights of the Lessor granted pursuant to Sections 2.2(D), 3.1, 4.1(C), 5.4, 6.3, 6.4, 6.6, 8.1, 8.2, 8.3, 8.5, 8.7, 8.8, 8.9, 9.1, 9.2, 9.4, 11.3, 12.1(B) and 12.10 of this Agency Lease, (B) the moneys due and to become due to the Lessor for its own account or the members, officers, agents and employees of the Lessor for their own account pursuant to Sections 2.2(D), 4.1, 5.4, 6.3, 6.4, 6.6, 8.2, 10.2, 10.4 and 12.10 of this Agency Lease, and (C) the right to enforce the foregoing pursuant to Article X of this Agency Lease.

SECTION 1.2 INTERPRETATION. In this Agency Lease, unless the context otherwise requires:

(A) the terms “hereby”, “hereof”, “herein”, “hereunder” and any similar terms as used in this Agency Lease refer to this Agency Lease, and the term “heretofore” shall mean before, and the term “hereafter” shall mean after, the date of this Agency Lease;

(B) words of masculine gender shall mean and include correlative words of feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa; and

(C) any certificates, letters or opinions required to be given pursuant to this Agency Lease shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Agency Lease.

(D) any provision of this Agency Lease or the Company Lease Agreement notwithstanding, in the event a right or obligation of the Agency or the Company is described or otherwise treated inconsistently with a right or obligation of the Agency or the Company described in the Project Agreement, the provisions of the Project Agreement control.

ARTICLE 2

REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 2.1 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE LESSOR. The Lessor makes the following representations, warranties and covenants as the basis for the undertakings on its part herein contained:

(A) The Lessor is duly established under the provisions of the Act and has the power to enter into this Agency Lease and to carry out its obligations hereunder. Based upon the representations of the Company, the Project constitutes and will constitute a “project” as such quoted term is defined in the Act. By proper official action the Lessor has been duly authorized to execute, deliver and perform this Agency Lease and the Leasing Documents to which it is a party.

(B) Neither the execution and delivery of this Agency Lease, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of the other Leasing Documents by the Lessor will conflict with or result in a breach by the Lessor of any of the terms, conditions or provisions of the Act, the by-laws of the Lessor or any order, judgment, restriction, agreement or instrument to which the Lessor is a party or by which it is bound, or will constitute a default by the Lessor under any of the foregoing.

(C) The Lessor has undertaken the Project and will lease the Project Facility to the Company pursuant to this Agency Lease, all for the purpose of advancing the job opportunities, health, general prosperity and economic welfare of the people of the State and improving their standard of living.

(D) Except as provided herein and in Article IX and Section 10.2(A)(3) hereof, the Lessor, to the extent of its interest therein, shall not sell, assign, transfer, encumber or pledge as security the Project Facility or any part thereof and shall maintain the Project Facility free and clear of all Liens or encumbrances, except as contemplated or allowed by the terms of this Agency Lease.

SECTION 2.2 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY. The Company makes the following representations, warranties and covenants as the basis for the undertakings on its part herein contained:

(A) The Company is a limited liability company duly organized and validly existing and in good standing under the laws of the State of New York, has power to enter into this Agency Lease and to carry out its obligations hereunder, has been duly authorized to execute this Agency Lease and is qualified to do business in all jurisdictions in which its operations or ownership of Property so require.

(B) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the provisions of this Agency Lease will (1) result in a breach of or conflict with any of the terms, conditions or provisions of the articles of organization or operating agreement or any agreement, instrument,

order or judgment to which the Company is a party or by which the Company is bound, or will constitute a default under any of the foregoing, or result in the creation or imposition of any Lien of any nature upon the Project Facility under the terms of any such instrument or agreement, other than the Permitted Encumbrances, (2) require consent under (which has not been heretofore received) or result in a breach of or default under any credit agreement, indenture, purchase agreement, mortgage, deed of trust, commitment, guaranty or other agreement or instrument to which the Company is a party or by which it or any of its Property may be bound or affected, or (3) conflict with or violate any existing law, rule, regulation, judgment, order, writ, injunction or decree of any government, governmental instrumentality or court (domestic or foreign), having jurisdiction over the Company or any of the Property of the Company.

(C) The Project will not result in the removal of a facility or plant of the Company or any contemplated occupant of the Project Facility 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 contemplated occupant of the Project Facility located within the State except to the extent the foregoing is reasonably necessary to discourage said occupant or occupants from removing such other plant or facility to a location outside the State or to preserve the competitive position of said occupant or occupants in its/their respective industry/industries.

(D) The Company shall cause all notices required by law to be given, and shall comply or cause compliance with all laws, ordinances, municipal rules and regulations and requirements of all Governmental Authorities applying to or affecting the operation of the Facility (the applicability of such laws, ordinances, rules and regulations to be determined as if the Company and not the Lessor were the owner of the Facility), and the Company will defend and save the Lessor and its officers, members, agents and employees harmless from all fines and penalties due to failure to comply therewith.

(E) The acquisition, construction and installation of the Project Facility will not have a significant impact on the environment within the terms of SEQRA and the statewide and local regulations thereunder. The Company hereby covenants to comply with all mitigation measures, requirements and conditions, if any, enumerated in the negative declaration issued by the Town of North Hudson Planning Board under SEQRA with respect to the Project and in any other approvals issued by any other Governmental Authority.

(F) So long as this Agency Lease shall be in effect, the Project Facility is and will continue to be a "project" as such quoted term is defined in the Act, and the Company will not take any action (or omit to take any action required by the Leasing Documents or which the Lessor, advises the Company in writing should be taken), or allow any action to be taken, which action (or omission) would in any way cause the Project Facility not to constitute a "project" as such quoted term is defined in the Act.

(G) The Company is in possession of all local land use and zoning approvals relating to the construction and operation of the Facility for its intended purpose and the Facility and the operation thereof complies and will comply with all applicable building, zoning, environmental, planning and subdivision laws, ordinances, rules and regulations of Governmental Authority having jurisdiction over the Facility.

(H) The Company as agent of the Lessor will apply the proceeds of the Bank Loan received under the Bank Note towards costs associated with the acquisition, construction and equipping of the Project Facility, and incidental costs associated therewith.

(I) The Company as agent of the Lessor will apply the proceeds of the NYBDC LDC Loan received under the NYBDC LDC Note towards costs associated with the acquisition, construction and equipping of the Project Facility, and incidental costs associated therewith.

(J) Except as provided in Section 9.4 hereof, all items comprising the Equipment shall remain in the Facility at all times during the Lease Term.

ARTICLE 3

CONVEYANCE AND USE OF PROJECT FACILITY

SECTION 3.1 CONVEYANCE TO THE LESSOR. The Company has conveyed or will convey, or will cause to be conveyed, a leasehold interest in the Land and the Facility and a fee interest in the Equipment to the Lessor pursuant to the Company Lease Agreement and the Bill of Sale to the Lessor. The Company hereby represents and warrants that it has good and marketable title to the Project Facility, free and clear of all Liens except for Permitted Encumbrances and the Company Lease Agreement and agrees that it will defend, indemnify and hold the Lessor harmless from any expense or liability due to any defect in title thereto. The Company shall pay all (i) costs, expenses, taxes and charges incurred in connection with such conveyance and transfer, and (ii) taxes, assessments and other charges and impositions of the Project Facility attributable to periods prior to the date of this Agency Lease.

SECTION 3.2 USE OF PROJECT FACILITY. Subsequent to the Closing Date, the Company shall be entitled to use the Project Facility in any manner not otherwise prohibited by the Leasing Documents, provided that such use (1) causes the Project Facility to qualify or continue to qualify as a "project" under the Act and (2) does not tend, in the reasonable judgment of the Lessor, to bring the Project Facility into disrepute as a public project.

ARTICLE 4

ACQUISITION, CONSTRUCTION AND INSTALLATION OF PROJECT FACILITY

SECTION 4.1 SALES TAX PROVISIONS. (A) The Company shall, on behalf of the Lessor, promptly acquire, construct and install the Project Facility.

(B) The Lessor hereby appoints the Company its true and lawful agent during the Construction Period to perform under the following authority in compliance with the terms, purposes and intent of the Leasing Documents, and the Company hereby accepts such agency: (1) to acquire, construct and install the Project Facility, (2) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other Persons, and in general to do all things which may be requisite or proper, all for the acquisition, construction and installation of the Project Facility, with the same powers and with the same validity as the Lessor could do if acting in its own behalf including, but not limited to, the appointment of subagents for such

purposes, and (3) to pay all fees, costs and expenses incurred in the acquisition, construction and installation of the Project Facility.

(C) The Company has given or will give or cause to be given all notices and has complied or will comply or cause compliance with all laws, ordinances, rules, regulations and requirements of all Governmental Authorities applying to or affecting the conduct of work on the Project Facility (the applicability of such laws, ordinances, rules and regulations to be determined as if the Company and not the Lessor were the owner of the Project Facility), and the Company will defend, indemnify and save the Lessor and its officers, members, agents, servants and employees harmless from all fines and penalties due to failure to comply therewith. All permits and licenses necessary for the prosecution of work on the Project Facility shall be procured promptly by the Company.

(D) To the extent required by applicable law, the Company, as agent for the Lessor, will cause (1) compliance with the requirements of Article 8 of the Labor Law of the State, and (2) any contractor, subcontractors and other Persons involved in the acquisition, construction and installation of the Project Facility to comply with Article 8 of the Labor Law of the State. The covenant in this subsection is not intended as a representation that Article 8 of the Labor Law of the State applies.

(E) The Company agrees to file with the Department of Taxation and Finance of the State in a manner and at the time prescribed thereby, information relating to the extent of exemption from sales and use tax claimed with respect to the acquisition, construction and installation of the Project Facility all in compliance with Section 874 of the General Municipal Law of the State. **THE COMPANY ACKNOWLEDGES THAT THE FAILURE TO COMPLY WITH THE PROVISIONS OF SAID SECTION 874 SHALL RESULT IN A REVOCATION OF ANY SALES TAX ABATEMENT EXTENDED BY THE LESSOR.**

(F) The Company acknowledges and agrees that to the extent it (i) utilizes the exemption from New York State and local sales and use tax in a manner inconsistent with the intent of this Agreement and/or (ii) attempts to obtain an exemption from New York State and/or local sales and/or use tax which exceeds the scope of the exemption conferred by the provisions of this Agreement, it will be subject to a recapture of such inconsistent or excessive exemption benefits by the Lessor in accordance with the provisions of Section 875 of the General Municipal Law of the State, the provisions of which are hereby incorporated herein by reference. The Company agrees to cooperate with the efforts of the Lessor to recapture such inconsistent or excessive exemption benefits and any failure to do so shall constitute an Event of Default hereunder.

ARTICLE 5

LEASE OF PROJECT FACILITY; RENT; CONVEYANCE OF PROJECT FACILITY

SECTION 5.1 LEASE OF PROJECT FACILITY. The Lessor hereby leases the Project Facility to the Company, and the Company hereby leases the Project Facility from the Lessor, for and during the term hereinafter provided and upon and subject to the terms and conditions

hereinafter set forth. The Company assumes and agrees to perform and discharge all of the Lessor's obligations under the Lease Documents during the Lease Term, and shall enforce all claims arising under any representation, warranty, covenant, indemnity, guarantee or agreement in the Lease Documents.

SECTION 5.2 DURATION OF TERM. The term of this Agency Lease shall become effective upon its delivery and shall expire on February 15, 2029 or such earlier date as this Agency Lease may be terminated as hereinafter provided (the "Lease Term"). The Lessor shall deliver to the Company and the Company shall accept sole and exclusive possession of the Project Facility simultaneously with the execution of this Agency Lease.

SECTION 5.3 QUIET ENJOYMENT. So long as no Event of Default shall have occurred and be continuing, and except as otherwise expressly provided herein or in the Leasing Documents, the Lessor will not disturb the Company in its peaceful and quiet enjoyment of the Project Facility, which shall be free from any interference, repossession or disturbance by the Lessor.

SECTION 5.4 RENT AND OTHER AMOUNTS PAYABLE. The Company shall pay rent for the Project Facility as follows:

(A) The Company has remitted to the Lessor its administrative fee in the amount of \$30,000.

(B) Within seven (7) days after receipt of a demand therefor from the Lessor accompanied by any supporting evidence or documentation therefor reasonably requested by the Company, the Company shall pay to the Lessor the sum of the reasonable and actual expenses of the Lessor and the officers, members, agents and employees thereof incurred by reason of the Lessor's lease of the Project Facility or in connection with the carrying out of the Lessor's duties and obligations under this Agency Lease or any of the other Leasing Documents and any other reasonable and actual fee or expense of the Lessor, including reasonable and actual attorneys' fees, with respect to the Project Facility, the sale of the Project Facility to the Company, any of the other Leasing Documents, the payment of which is not otherwise provided for under this Agency Lease.

(C) The Company agrees to make the above-mentioned payments, without any further notice, in lawful money of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. In the event the Company shall fail to make any payment required by this Section 5.4 for a period of more than thirty (30) days from the date such payment is due, the Company shall pay the same together with interest thereon at a rate equal to two percent (2%) per month or the maximum permitted by law, whichever is less, from the date on which such payment was due until the date on which such payment is made.

SECTION 5.5 NATURE OF OBLIGATIONS OF THE COMPANY HEREUNDER. (A) The obligations of the Company to make the payments required by this Agency Lease and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be general obligations of the Company and shall be absolute and unconditional irrespective of any defense or any rights of set-off, recoupment or counterclaim the Company may otherwise have against the Lessor. The Company agrees that it will not suspend, discontinue or abate any payment required by, or fail to observe any of its other covenants or agreements contained in this

Agency Lease, or terminate this Agency Lease for any cause whatsoever, including, without limiting the generality of the foregoing, failure to complete the acquisition of the Land, the construction of the Facility or the installation of the Equipment, any material defect in the title, design, operation, merchantability, fitness or condition of the Project Facility or any part thereof or in the suitability of the Project Facility or any part thereof for the Company's purposes or needs, failure of consideration for, destruction of or damage to, Condemnation of title to or the use of all or any part of the Project Facility, any change in the tax or other laws of the United States of America or of the State or any political subdivision thereof, or any failure of the Lessor to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with this Agency Lease.

(A) Nothing contained in this Section 5.5 shall be construed to release the Lessor from the performance of any of the agreements on its part contained in this Agency Lease, and, in the event the Lessor should fail to perform any such agreement, the Company may institute such action against the Lessor as the Company may deem necessary to compel performance or recover damages for non-performance; provided, however, that the Company shall look solely to the Lessor's estate and interest in the Project Facility (other than the Unassigned Rights), for the satisfaction of any right or remedy of the Company for the collection of a judgment (or other judicial process) requiring the payment of money by the Lessor in the event of any liability on the part of the Lessor, and no other Property or assets of the Lessor or members, officers, agents (other than the Company) or employees of the Lessor shall be subject to levy, execution, attachment or other enforcement procedure for the satisfaction of the Company's remedies under or with respect to this Agency Lease, the relationship of the Lessor and the Company hereunder or the Company's purchase of and title to the Project Facility, or any other liability of the Lessor to the Company.

ARTICLE 6

MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE

SECTION 6.1 MAINTENANCE AND MODIFICATIONS OF PROJECT FACILITY. The Company agrees that during the period that the Agency Lease is outstanding it will (1) keep the Project Facility in good condition and repair and preserve the same against waste, loss, damage and depreciation, ordinary wear and tear excepted, (2) make all repairs and replacements to the Project Facility or any part thereof (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) deemed necessary by the Company, in the Company's reasonable discretion, and (3) operate the Project Facility in a sound and economic manner.

SECTION 6.2 TAXES, ASSESSMENTS AND UTILITY CHARGES. (A) The Company shall pay or cause to be paid, before the imposition of any penalties, fees or interest for late payment of the same, respectively become, (1) all taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Project Facility, (2) all utility and other charges, including "service charges", incurred or imposed for the operation, maintenance, use, occupancy, upkeep and improvement of the Project Facility, (3) all assessments and charges of any kind whatsoever lawfully made by any Governmental Authority for public improvements, and (4) all payments required under Section 6.6 (B) hereof; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated hereunder to pay

only such installments as are required to be paid during all periods that sums payable by the Company hereunder or under any of the other Leasing Documents are due and owing.

(A) Notwithstanding the provisions of subsection (A) of this Section 6.2 but subject however to the provisions of the PILOT Agreement, the Company may in good faith actively contest any such taxes, assessments and other charges, provided that the Company shall pay such taxes, assessments and other charges in accordance with the provisions of such subsection (A) and shall not defer, or be deemed entitled to defer such payment by reason of any such contest.

SECTION 6.3 INSURANCE REQUIRED. At all times during the Lease Term and/or that the Lessor is the owner of the Project Facility, the Company shall maintain or, with respect to the insurance required by subsection (E) of this Section 6.3, cause the general contractor to maintain insurance with respect to the Project Facility against such risks and for such amounts as are customarily insured against by businesses of like size and type, paying, as the same become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(A) (1) During any time when reconstruction or construction of the Project Facility shall take place, builder's "all-risk" (or equivalent coverage) insurance upon any work done or material furnished in connection with the reconstruction and construction of the Project Facility, with extended coverage for floods, vandalism, malicious mischief, debris removal and collapse insurance endorsements, issued to the Company and the Lessor as insureds, as their interests may appear, and written in completed value non-reporting form for the full completed insurable value of the Project Facility, and (2) at such time that builder's risk (or equivalent coverage) insurance is no longer available by virtue of completion of the acquisition, construction and installation of the Project Facility, insurance protecting the interests of the Company and the Lessor as insureds, as their interests may appear, against loss or damage to the Project Facility by fire, lightning, vandalism, malicious mischief, floods and other perils and casualties normally insured against with a uniform extended coverage endorsement, such insurance at all times to be in an amount not less than the full insurable value of the Facility; provided, however, that the Company may insure all or a portion of the Project Facility under a blanket insurance policy or policies covering not only the Project Facility or portions thereof but other Property.

(B) To the extent applicable, workers' compensation insurance, disability benefits insurance and such other forms of insurance which the Company is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the Company who are located at or assigned to the Project Facility, including, but not limited to, all contractors and subcontractors.

(C) Insurance protecting the Company and the Lessor against loss or losses from liabilities imposed by law or assumed in any written contract (including, without limitation, the contractual liability assumed by the Company under Section 8.2 of this Agency Lease) and arising from personal injury or death or damage to the property of others caused by any accident or occurrence, with limits of not less than \$1,000,000 per person per accident or occurrence on account of personal injury, including death resulting therefrom, and \$1,000,000 per accident or occurrence on account of damage to the property of others, excluding liability imposed upon the Company by any applicable workers' compensation law, and a separate commercial umbrella

liability policy in excess of the basic coverage stated above protecting the Company and the Lessor with a limit of not less than \$5,000,000.

(D) During any period of construction or reconstruction, the general contractor and any subcontractor constructing, installing and equipping the Project Facility shall be required to carry workers' compensation and general comprehensive liability insurance containing coverages for premises operations, products and completed operations, explosion, collapse and underground damage hazard, contractor's protective, owner's protective and coverage for all owned, non-owned and hired vehicles with non-ownership protection from the general contractor or subcontractor's employees providing the following minimum limits:

(a) Workers' compensation and employer's liability - in accordance with applicable law, covering loss resulting from injury, sickness, disability and death of employees located at or assigned to the Facility or who are responsible for the construction of the Facility.

(b) Comprehensive general liability:

(i) Bodily injury liability in an amount not less than \$1,000,000 for each accident and not less than \$2,000,000 for injuries sustained by two or more persons in any one accident.

(ii) Property damage liability in an amount not less than \$1,000,000 for each accident and not less than \$2,000,000 in the aggregate for each year of the policy period.

(c) Comprehensive automobile liability:

(i) Bodily injury liability in an amount not less than \$1,000,000 for each accident and not less than \$3,000,000 for injuries sustained by two or more persons in any one accident.

(E) Other insurance coverage required by any Governmental Authority in connection with any Requirement.

(F) THE LESSOR DOES NOT IN ANY WAY REPRESENT OR WARRANT THAT THE INSURANCE SPECIFIED HEREIN, WHETHER IN SCOPE OR IN LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE COMPANY'S BUSINESS OR INTERESTS.

SECTION 6.4 ADDITIONAL PROVISIONS RESPECTING INSURANCE. All insurance required by Section 6.3 hereof shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the Company and authorized to write such insurance in the State and reasonably satisfactory to the Lessor. The company or companies issuing the policies required by Sections 6.3(A) shall be rated "A" or better by A.M. Best Co., Inc. in the most recent edition of Best's Key Rating Guide. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the

Company is engaged. All policies evidencing such insurance shall name the Company and the Lessor as insureds, as their interests may appear, and provide for at least thirty (30) days' written notice to the Company and the Lessor prior to cancellation, lapse, reduction in policy limits or material change in coverage thereof. All insurance required hereunder shall be in form, content and coverage satisfactory to the Lessor. Certificates satisfactory in form and substance to the Lessor to evidence all insurance required hereby shall be delivered to the Lessor on or before the Closing Date. The Company shall deliver to the Lessor on or before the first Business Day of each calendar year thereafter a certificate dated not earlier than the immediately preceding December 1 reciting that there is in full force and effect, with a term covering at least the next succeeding calendar year, insurance in the amounts and of the types required by Sections 6.3 and 6.4 hereof. At least thirty (30) days prior to the expiration of any such policy, the Company shall furnish to the Lessor evidence that the policy has been renewed or replaced or is no longer required by this Agency Lease.

(A) All premiums with respect to the insurance required by Section 6.3 hereof shall be paid by the Company; provided, however, that if the premiums are not timely paid, the Lessor may pay such premiums and the Company shall pay immediately upon demand all sums so expended by the Lessor, together with interest, to the extent permitted by law, at a rate equal to two percent (2%) per month from the date on which such payment was due until the date on which the payment is made.

(B) (1) The Company shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under Section 6.3 unless the Lessor is included therein as a named insured.

(2) Each of the policies required pursuant to Section 6.3 hereof shall, to the extent commercially available, waive (a) any right of subrogation against any Person insured under such policy, and (b) any right of the insurers to any set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Person insured under such policy.

SECTION 6.5 APPLICATION OF NET PROCEEDS OF INSURANCE. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.3 hereof shall be applied as follows: (A) the Net Proceeds of the insurance required by Section 6.3(A) hereof shall be applied as provided in Section 7.1 hereof and (B) the Net Proceeds of the insurance required by Section 6.3(B), 6.3(C), 6.3(D) and 6.3(E) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

SECTION 6.6 PAYMENTS IN LIEU OF TAXES. (A) It is recognized that, under the provisions of the Act, the Lessor is required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction, control or supervision or upon its activities. It is not the intention, however, of the parties hereto that the Project Facility be treated as exempt from real property taxation. Accordingly, the parties acknowledge that a Payment In Lieu of Tax Agreement (the "PILOT Agreement") has been executed with respect to the Project Facility. Until the expiration date of the PILOT Agreement, the Lessor and the Company hereby agree that the Company shall be required to make or cause to be made payments in lieu of real estate taxes in the amounts and in the manner set forth in the PILOT Agreement.

(B) In the event that (1) the Project Facility would be subject to real property taxation if owned by the Company but shall be deemed exempt from real property taxation due to the involvement of the Lessor therewith, and (2) the PILOT Agreement shall not have been entered into by the Lessor and the Company, or, if entered into, the PILOT Agreement shall for any reason no longer be in effect, the Lessor and the Company hereby agree that the Company, or any subsequent user of the Project Facility under this Agency Lease, shall in such event be required to make or cause to be made payments in lieu of taxes to the school district or school districts, city, town, county, village and other political units wherein the Project Facility is located having taxing powers (such political units are hereinafter collectively referred to as the "Taxing Entities") in such amounts as would result from taxes being levied on the Project Facility by the Taxing Entities if the Project Facility were privately owned by the Company and not deemed owned by or under the jurisdiction, control or supervision of the Lessor, but with appropriate reductions similar to the real property tax exemptions and credits, if any, which would be afforded to the Company if it were the owner of the Project Facility. It is agreed that the Company, in cooperation with the Lessor, (a) shall cause the Project Facility to be valued for purposes of determining the amounts due hereunder as if owned by the Company as aforesaid by the appropriate officer or officers of any of the Taxing Entities as may from time to time be charged with responsibility for making such valuations, (b) shall cause to be appropriately applied to the valuation or valuations so determined the respective tax rate or rates of the Taxing Entities that would be applicable to the Project Facility if so privately owned, (c) shall cause the appropriate officer or officers of the Taxing Entities charged with the duty of levying and collecting such taxes to submit to the Company, when the respective levies are made for purposes of such taxes upon Property privately owned as aforesaid, statements specifying the amounts and due dates of such taxes which the Taxing Entities would receive if such Property were so privately owned by the Company and not deemed owned by or under the jurisdiction, control or supervision of the Lessor, and (d) shall file with the appropriate officer or officers any accounts or tax returns furnished to the Lessor by the Company for the purpose of such filing.

(C) The Company shall pay or cause to be paid to the Taxing Entities when due all such payments in lieu of taxes with respect to the Project Facility required by Section 6.6(B) of this Agency Lease, subject in each case to the Company's right to (a) obtain exemptions and credits, if any, which would be afforded to a private owner of the Project Facility, including any available exemption under Section 485-b of the New York Real Property Tax Law with respect to the Project Facility, (b) contest valuations of the Project Facility made for the purpose of determining such payments therefrom (provided, however, no such contest shall entitle the Company to defer payments in lieu of taxes by reason of any such contest), and (c) seek to obtain a refund of any such payments made. In the event the Company shall fail to make or cause to be made any such payments in lieu of taxes, the amount or amounts so in default shall continue as an obligation of the Company until fully paid, and the Company hereby agrees to pay or cause to be paid the same, together with late charges and interest thereon as provided for in subsection (5) of Section 874 of the General Municipal Law of the State (or any successor provision).

(D) The Lessor acknowledges and agrees that pursuant to the Bank Mortgage and the NYBDC LDC Mortgage, the Company may be required to remit to the Bank and the NYBDC LDC in advance funds representing payments due to the Lessor under this Section 6.6 and that in such event the Bank or the NYBDC LDC will remit such funds to the Lessor in satisfaction of the amounts due hereunder.

ARTICLE 7

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1 DAMAGE OR DESTRUCTION. If the Project Facility shall be damaged or destroyed, in whole or in part, the Company shall give the Lessor prompt written notice thereof. As between the Lessor and the Company, the Company shall have sole right to and control over the use of the Net Proceeds of any insurance settlement. The Company shall not be obligated to replace, repair, rebuild or restore the Project Facility, and the Net Proceeds of any insurance settlement shall not be applied to replace, repair, rebuild or restore the Project Facility if the Company shall notify the Lessor that, in the Company's sole judgment, the Company does not deem it practical or desirable to so replace, repair, rebuild or restore the Project Facility. The Lessor shall have no obligation to rebuild or restore the Project Facility, and upon payment of all payments due pursuant to Section 5.4 hereof, the term of this Agency Lease shall end and the obligations of the Company hereunder (other than any such obligations expressed herein as surviving termination of this Agency Lease) shall terminate as of the date of such payment and the Lessor shall transfer to the Company, without recourse or warranty, all right, title and interest of the Lessor in and to the Project Facility.

SECTION 7.2 CONDEMNATION. If title to, or the use of, the Project Facility shall be taken by Condemnation, the Company shall give the Lessor prompt written notice thereof. As between the Lessor and the Company, the Company shall have sole right to and control over the use of the Net Proceeds of any insurance settlement. The Net Proceeds of any Condemnation award shall not be applied to restore the Project Facility if the Company shall notify the Lessor that, in the Company's sole judgment, the Company does not deem it practical or desirable to restore the Project Facility. The Lessor shall have no obligation to restore the Project Facility, and upon payment of all payments due pursuant to Section 5.4 hereof, the term of this Agency Lease shall end and the obligations of the Company hereunder (other than any such obligations expressed herein as surviving termination of this Agency Lease) shall terminate as of the date of such payment and the Lessor shall transfer to the Company, without recourse or warranty, all right, title and interest of the Lessor in and to the Project Facility.

SECTION 7.3 ADDITIONS TO THE PROJECT FACILITY. All replacements, repairs, rebuilding or restoration made pursuant to Sections 7.1 or 7.2 hereof, whether or not requiring the expenditure of the Company's own moneys shall automatically become part of the Project Facility and subject to the Leasing Documents as if the same were specifically described herein.

ARTICLE 8

SPECIAL COVENANTS

SECTION 8.1 NO WARRANTY OF CONDITION OR SUITABILITY BY LESSOR; ACCEPTANCE "AS IS". THE LESSOR MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE PROJECT FACILITY OR ANY PART THEREOF OR AS TO THE SUITABILITY OF THE PROJECT FACILITY OR ANY PART THEREOF FOR THE COMPANY'S PURPOSES OR NEEDS. THE COMPANY SHALL ACCEPT POSSESSION OF

THE PROJECT FACILITY “AS IS”, WITHOUT RECOURSE OF ANY NATURE AGAINST THE LESSOR FOR ANY CONDITION NOW, HERETOFORE OR HEREAFTER EXISTING. NO WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY ARE MADE. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE, WHETHER PATENT OR LATENT, THE LESSOR SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO.

SECTION 8.2 HOLD HARMLESS PROVISIONS. (A) The Company hereby (i) releases the Lessor and its members, officers, agents (other than the Company) and employees from, (ii) agrees that the Lessor and its members, officers, agents (other than the Company) and employees shall not be liable for, and (iii) agrees to indemnify, defend and hold the Lessor and its members, officers, agents (other than the Company) and employees harmless from and against: any and all claims, causes of action, judgments, liabilities, damages, losses, costs and expenses arising as a result of the Lessor’s undertaking the acquisition, construction and installation of the Project Facility, including, but not limited to, (1) liability for loss or damage to Property or bodily injury to or death of any and all Persons that may be occasioned, directly or indirectly, by any cause whatsoever pertaining to the Project Facility or arising by reason of or in connection with the use thereof or the presence of any Person or Property on, in or about the Project Facility, (2) liability arising from or expense incurred by the Lessor’s financing, acquiring, constructing, installing, owning or selling the Project Facility, including, without limiting the generality of the foregoing, any sales or use taxes which may be payable with respect to goods supplied or services rendered with respect to the Project Facility and any and all claims for brokerage, leasing, finders or similar fees which may be made relating to the Project Facility, all liabilities or claims arising as a result of the Lessor’s obligations under this Agency Lease or any of the other Leasing Documents or the enforcement of or defense of validity of any provision of any Leasing Documents, and all liabilities or claims arising out of environmental matters with respect to the Project Facility, and (3) all causes of action and reasonable attorneys’ fees and other expenses incurred in connection with any suits or actions which may arise as a result of any of the foregoing; provided that any such claims, causes of action, judgments, liabilities, damages, losses, costs or expenses of the Lessor are not incurred or do not result from the intentional wrongdoing of the Lessor or any of its members, officers, agents (other than the Company) or employees. The foregoing indemnities shall apply notwithstanding the fault or negligence in part of the Lessor or any of its officers, members, agents or employees and notwithstanding the breach of any statutory obligation or any rule of comparative or apportioned liability.

(B) In the event of any claim against the Lessor or its members, officers, agents (other than the Company) or employees by any employee of the Company or any contractor of the Company or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the obligations of the Company hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Company or such contractor under workers’ compensation laws, disability benefits laws or other employee benefit laws.

(C) To effectuate the provisions of this Section 8.2, the Company agrees to provide for and insure, in the liability policies required by Section 6.3(C) of this Agency Lease, its liabilities assumed pursuant to this Section 8.2.

(D) Notwithstanding any other provisions of this Agency Lease, the obligations of the Company pursuant to this Section 8.2 shall remain in full force and effect after the termination of this Agency Lease until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters herein described may be brought and the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses, charges and costs incurred by the Lessor, or its officers, members, agents (other than the Company) or employees, relating thereto.

SECTION 8.3 RIGHT OF ACCESS TO PROJECT FACILITY. The Company agrees that the Lessor and its authorized agents shall have the right at all reasonable times and upon prior reasonable notice to enter upon the Land and to examine and inspect the Project Facility for the sole purpose of ensuring compliance with the provisions of the Act.

SECTION 8.4 THE COMPANY NOT TO TERMINATE EXISTENCE OR DISPOSE OF ASSETS. The Company agrees that, so long as this Agency Lease is in effect, it will maintain its existence and will not dissolve or otherwise dispose of all or substantially all of its assets.

SECTION 8.5 AGREEMENT TO PROVIDE INFORMATION. The Company agrees, whenever requested by the Lessor, to provide and certify or cause to be provided and certified such information concerning the Company, its finances and other topics as the Lessor from time to time reasonably consider necessary or appropriate, including, but not limited to, (i) such information as to enable the Lessor to make any reports required by law or governmental regulation, and (ii) within thirty (30) days of receipt by the Company of written request therefor, a complete and accurate listing of all items of personalty which were acquired or leased by the Company based upon an exemption from sales or use tax provided by the Lessor.

SECTION 8.6 BOOKS OF RECORD AND ACCOUNT; FINANCIAL STATEMENTS; COMPLIANCE CERTIFICATES. The Company agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all business and affairs of the Company.

SECTION 8.7 COMPLIANCE WITH ORDERS, ORDINANCES, ETC. (A) The Company agrees that it will, during any period in which this Agency Lease is in effect, promptly comply with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all Governmental Authorities, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Project Facility or any part thereof, or to any use, manner of use or condition of the Project Facility or any part thereof (the applicability of such laws, ordinances, rules and regulations to be determined as if the Company and not the Lessor were the owner of the Project Facility).

(B) Notwithstanding the provisions of subsection (A) of this Section 8.7, the Company may in good faith actively contest the validity or the applicability of any requirement of the nature referred to in such subsection (A), provided that the Company (1) first shall have notified the Lessor in writing of such contest, (2) is not in default under any of the Leasing Documents, (3) shall have set aside adequate reserves for any such requirement, and (4) demonstrates to the reasonable satisfaction of the Lessor that noncompliance with such requirement will not materially

endanger the Project Facility or any part thereof to loss or forfeiture. Otherwise, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Lessor.

(C) Notwithstanding the provisions of subsection (B) of this Section 8.7, if the Lessor or any of its members, officers, agents, servants or employees may be liable for prosecution for failure to comply therewith, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Lessor.

SECTION 8.8 DISCHARGE OF LIENS AND ENCUMBRANCES. (A) The Company agrees not to create or suffer to be created any other Lien or security interest, except for Permitted Encumbrances, on the Project Facility or any part thereof.

(B) Notwithstanding the provisions of subsection (A) of this Section 8.8, and except as provided for taxes, assessments and utility charges under Section 6.2, the Company may in good faith actively contest any such Lien or security interest, provided that the Company (1) first shall have notified the Lessor in writing of such contest, (2) is not in default hereunder, (3) shall have set aside adequate reserves for the discharge of any such Lien or security interest, and (4) demonstrates to the reasonable satisfaction of the Lessor that the failure to discharge any such Lien or security interest will not subject the Project Facility or any part thereof to loss or forfeiture. Otherwise such Lien or security interest shall be removed promptly by the Company or secured by the Company's posting a bond in form and substance satisfactory to the Lessor.

SECTION 8.9 PERFORMANCE BY LESSOR OF COMPANY'S OBLIGATIONS. Should the Company fail to make any payment or to do any act as herein provided, the Lessor may, but need not, without notice to or demand on the Company and without releasing the Company from any obligation herein, make or do the same, including, without limitation, appearing in and defending any action purporting to affect the rights or powers of the Company or the Lessor, and paying all expenses, including, without limitation, reasonable attorneys' fees; and the Company shall pay immediately upon demand all sums so expended by the Lessor under the authority hereof, together with interest thereon at the rate of two percent (2%) per month or the maximum permitted by law, whichever is less.

SECTION 8.10 DEPRECIATION DEDUCTIONS AND TAX CREDITS. The parties agree that as between them the Company shall be entitled to all depreciation deductions and accelerated cost recovery system deductions with respect to any portion of the Project Facility pursuant to Sections 167 and 168 of the Internal Revenue Code of 1986, as amended (the "Code"), and to any investment credit pursuant to Section 38 of the Code with respect to any portion of the Project Facility which constitutes "Section 38 Property" and to all other state and/or federal income tax deductions and credits which may be available with respect to the Project Facility.

ARTICLE 9

ASSIGNMENTS; MERGER OF LESSOR

SECTION 9.1 RESTRICTION ON TRANSFER OF LESSOR'S INTEREST HEREUNDER. Except as otherwise specifically provided in this Article IX hereof, neither the Lessor nor the Company shall sell, assign or otherwise dispose of any of their rights under this

Agency Lease, without the prior written consent of the Company or the Lessor, as the case may be.

SECTION 9.2 ASSIGNMENT OF THIS AGENCY LEASE. Except for any assignment under any of the Leasing Documents, this Agency Lease may not be assigned by the Company, in whole or in part, absent the prior written consent of the Lessor (which consent shall not be unreasonably withheld, delayed or conditioned), and provided that in any event:

(a) the assignee shall be qualified to transact business in the State of New York and shall assume the obligations of the Company hereunder to the extent of the interest assigned;

(b) the Company shall, within ten (10) days after the delivery thereof, furnish or cause to be furnished to the Lessor a true and complete copy of such assignment and the instrument of assumption; and

(c) the Project Facility shall continue to constitute a “project” as such quoted term is defined in the Act.

In accordance with its policies and procedures, the Lessor reserves the right to receive and review financial information concerning any prospective assignee.

SECTION 9.3 MERGER OF THE LESSOR. Nothing contained in this Agency Lease shall prevent the consolidation of the Lessor with, or merger of the Lessor into, or assignment by the Lessor of its rights and interests hereunder (provided that the Agency’s rights and interests under the Leasing Documents are simultaneously transferred to such Person) to, any other public benefit corporation of the State or political subdivision thereof which has the legal authority to perform the obligations of the Lessor hereunder and the other Leasing Documents, provided that upon any such consolidation, merger or assignment, the due and punctual performance and observance of all of the agreements and conditions of this Agency Lease and the other Leasing Documents to be kept and performed by the Lessor shall be expressly assumed in writing by the public benefit corporation or political subdivision resulting from such consolidation or surviving such merger or to which the Lessor’s rights and interests hereunder or under this Agency Lease and the other Leasing Documents shall be assigned.

SECTION 9.4 SALE OR LEASE OF PROJECT FACILITY. Except for the sale or disposition of worn or obsolete items comprising a portion of the Equipment or the sale of other items in the ordinary course of the Company’s business, the Company may not otherwise sell, lease, transfer, convey or otherwise dispose of the Project Facility or any part thereof without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, conditioned or delayed.

ARTICLE 10

EVENTS OF DEFAULT AND REMEDIES

SECTION 10.1 EVENTS OF DEFAULT DEFINED. The following shall be “Events of Default” under this Agency Lease, and the terms “Event of Default” or “Default” shall mean, whenever they are used in this Agency Lease, any one or more of the following events:

(a) A default by the Company in the due and punctual payment of the amounts specified to be paid pursuant to Section 5.4 (B) hereof, and the continuance thereof for a period of thirty (30) days after written notice thereof.

(b) A default in the performance or observance of any other of the covenants, conditions or agreements on the part of the Company in this Agency Lease and the continuance thereof for a period of thirty (30) days after written notice is given by the Lessor to the Company; provided, however, that if such default cannot reasonably be cured within said thirty (30) day period and the Lessor or the Company shall have commenced action to cure the breach of covenant within said thirty (30) day period, and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as the Lessor or the Company shall require, in the exercise of due diligence, to cure such default, it being agreed that no such extension shall be for a period in excess of ninety (90) days provided that the Lessor agrees to consider a request from the Company for an additional extension if such cure cannot be accomplished within said ninety (90) period. If any conflict shall exist between the provisions of this Subsection (b) and the immediately following Subsection (c) as to when an Event of Default has occurred, the provisions of such Subsection (c) shall govern.

(c) Any representation or warranty made by the Company herein proves to have been false in any material manner at the time it was made.

(d) The Company shall conceal, remove or permit to be concealed or removed any part of its Property, with intent to hinder, delay or defraud its creditors, or any one of them, or shall make or suffer a transfer of any of its Property which is fraudulent under any bankruptcy, fraudulent conveyance or similar law, or shall make any transfer of its Property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid, or shall suffer or permit, while insolvent, any creditor to obtain a Lien upon any of its Property through legal proceedings or distraint which is not vacated within thirty (30) days from the date thereof.

(e) (a) 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.

(f) If by order of a court of competent jurisdiction, a trustee, receiver or liquidator of the Company or the Project Facility or any part thereof, shall be appointed and such order shall not be discharged or dismissed within one hundred twenty (120) days after such appointment.

(g) The dissolution of the Company.

(h) The occurrence of an Event of Default under the PILOT Agreement.

(i) The failure by the Company to maintain the insurance required by Section 6.3 (C) hereof.

SECTION 10.2 REMEDIES ON DEFAULT. (A) Whenever any Event of Default shall have occurred, the Lessor may, to the extent permitted by law, take any one or more of the following remedial steps:

(1) Declare, by written notice to the Company, (a) all unpaid payments payable pursuant to Section 5.4(B) hereof, and (b) all other payments due under this Agency Lease.

(2) Take any other action at law or in equity which may appear necessary or desirable to collect any amounts then due or thereafter to become due hereunder and to enforce the obligations, agreements or covenants of the Company under this Agency Lease.

(3) In the event of (i) a default beyond all applicable cure periods by the Company in the payment of any amounts due and owing hereunder and/or under the PILOT Agreement and upon forty-five (45) days' prior written notice to the Company or (ii) the occurrence of an Event of Default described in Section 10.1(e), Section 10.1(f), Section 10.1 (g), or Section 10.1(i) hereof, terminate the Agency Lease and reconvey the Project Facility to the Company. The Company hereby consents to said reconveyance and appoints the Lessor its attorney-in-fact, which appointment is coupled with an interest and is irrevocable, to execute any and all instruments and documents in its name as may be necessary, in the sole discretion of the Lessor, to effectuate such transfer.

SECTION 10.3 REMEDIES CUMULATIVE. No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Agency Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lessor to exercise any remedy reserved to it in this Article X, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 10.4 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES. In the event the Company should default under any of the provisions of this Agency Lease and the Lessor should reasonably attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Company herein contained, the Company shall, on demand therefor, pay to the Lessor the reasonable and actual fees of such attorneys and such other expenses so incurred, whether an action is commenced or not.

SECTION 10.5 NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER. In the event any agreement contained herein should be breached by either party and thereafter such breach be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE 11

EARLY TERMINATION OF AGENCY LEASE

SECTION 11.1 OPTION TO TERMINATE AGENCY LEASE. The Company shall have, if there exists no Event of Default hereunder with respect to any amounts due and owing to the Lessor hereunder or under the other Leasing Documents, the option to cancel or terminate this Agency Lease, subject to the survival of those obligations of the Company which are intended to survive the term of this Agency Lease, upon payment of all payments currently due and owing pursuant to Section 5.4 hereof for which a written payment request with respect to has been provided to the Company by the Lessor, and by giving the Lessor notice in writing of such termination and thereupon such termination shall forthwith become effective.

SECTION 11.2 CONVEYANCE OF UPON LEASE TERMINATION. (A) At the termination of this Agency Lease pursuant to Section 11.1 hereof, the Project Facility shall be conveyed from the Lessor to the Company subject to Permitted Encumbrances. The Company agrees to prepare a termination of this Agency Lease together with all gains tax affidavits, equalization and assessment forms and other necessary documentation and to forward same to the Lessor at least fifteen (15) days prior to the date that the Project Facility is to be conveyed to the Company. The Company will pay all expenses and taxes, if any, applicable to or arising from such transfers of title.

(A) The conveyance of the Lessor's right, title and interest, if any, in and to the Land and the Facility shall be effected by the execution, delivery and recording by the Lessor of a

termination of this Agency Lease and a Bill of Sale to the Company (in substantially the form attached hereto as Exhibit "C" and by this reference made a part hereof).

(B) The Company hereby agrees to pay all expenses, filing and recording fees and taxes, if any, and the reasonable and actual attorneys' fees of the Lessor applicable to or arising from the transfers contemplated by this Section 11.3.

ARTICLE 12

MISCELLANEOUS

SECTION 12.1 SUBORDINATION TO MORTGAGE . This Agency Lease and all rights of the Company and the Lessor hereunder are and shall be subordinate to the Liens of the Bank Mortgage and the NYBDC LDC Mortgage on the Project Facility. The subordination of this Agency Lease to the Bank Mortgage and the NYBDC LDC Mortgage shall be automatic, without the execution of any further subordination agreement by the Company or the Lessor. Nonetheless, if the Bank or NYBDC LDC requires a further written subordination agreement, the Company and the Lessor agree to execute, acknowledge and deliver the same.

SECTION 12.2 NOTICES. All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when (A) sent to the applicable address stated below by registered or certified mail, return receipt requested, or by such other means (including overnight delivery) as shall provide the sender with documentary evidence of such delivery, or (B) delivery is refused by the addressee, as evidenced by the affidavit of the person who attempted to effect such delivery. The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

IF TO THE COMPANY:

Paradox Brewery LLC
154 U.S. Route 9
Schroon Lake, New York 12870
Attention: Paul Mrocka

WITH A COPY TO:

Lemery Greisler LLC
60 Railroad Place, Suite 502
Saratoga Springs, New York 12866
Attention: James Carminucci, Esq.

IF TO THE LESSOR

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 Norfolk LLP
2296 Saranac Avenue
Lake Placid, New York 12946

IF TO THE BANK:

The Bank of Greene County
PO Box 470
Catskill, New York 12414
Attention: Perry Lasher

WITH A COPY TO:

Whitbeck Benedict & Smith LLP
436 Union Street
Hudson, NY 12534
Attention: Virginia Benedict, Esq.

IF TO NYBDC LDC:

NYBDC Local Development Corporation
dba The Excelsior Growth Fund
50 Beaver Street, Albany, NY 12207
Attention: Leesa Naimo-Fredette

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

SECTION 12.3 BINDING EFFECT. This Agency Lease shall inure to the benefit of the Lessor and the Company, and shall be binding upon the Lessor, the Company and, their respective successors and assigns permitted hereunder, provided, however that except as provided elsewhere herein or in the other Leasing Documents, the interest of the Lessor in this Agency Lease may not be mortgaged, encumbered, sold, assigned, transferred, conveyed, pledged, sublet or subjected to any lien or otherwise transferred without the prior written consent of the Company.

SECTION 12.4 SEVERABILITY. If any one or more of the covenants or agreements provided herein on the part of the Lessor or the Company to be performed shall, for any reason, be held or shall, in fact, be inoperative, unenforceable or contrary to law in any particular case, such circumstance shall not render the provision in question inoperative or unenforceable in any other case or circumstance. Further, if any one or more of the phrases, sentences, clauses, paragraphs or sections herein shall be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed separable from the remaining covenants

and agreements hereof and shall in no way affect the validity of the other provisions of this Agency Lease.

SECTION 12.5 AMENDMENTS, CHANGES AND MODIFICATIONS. This Agency Lease may not be amended, changed, modified, altered or terminated, except by an instrument in writing signed by the parties hereto.

SECTION 12.6 EXECUTION OF COUNTERPARTS. This Agency Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 12.7 APPLICABLE LAW. This Agency Lease shall be governed exclusively by the applicable laws of the State.

SECTION 12.8 SURVIVAL OF OBLIGATIONS. (A) The obligations of the Company to make the payments required by Section 5.4(B) hereof and to provide the indemnity required by Section 8.2 hereof shall survive the termination of this Agency Lease, and all such payments after such termination shall be made upon demand of the party to whom such payment is due.

(B) The obligations of the Company with respect to the Unassigned Rights shall survive the termination of this Agency Lease until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the Unassigned Rights may be brought and the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses and charges incurred by the Lessor, or its officers, members, agents or employees, relating thereto.

SECTION 12.9 TABLE OF CONTENTS AND SECTION HEADINGS NOT CONTROLLING. The table of contents and the headings of the several sections in this Agency Lease have been prepared for convenience of reference only and shall not control, affect the meaning of or be taken as an interpretation of any provision of this Agency Lease.

SECTION 12.10 NO RECOURSE; SPECIAL OBLIGATION. The obligations and agreements of the Lessor contained herein and in the other Leasing Documents and any other instruments or documents executed in connection therewith or herewith, and any other instrument or document supplemental thereto or hereto, shall be deemed the obligations and agreements of the Lessor, and not of any member, officer, agent (other than the Company) or employee of the Lessor in his or her individual capacity, and the members, officers, agents (other than the Company) and employees of the Lessor 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. The obligations and agreements of the Lessor contained herein and therein shall not constitute or give rise to an obligation of the State of New York or the County of Essex, New York, and neither the State of New York nor the County of Essex, 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 Lessor, but rather shall constitute limited, special obligations of the Lessor payable solely from the revenues of the Lessor derived and to be derived from the sale or other disposition of the Project Facility (except for revenues

derived by the Lessor with respect to the Unassigned Rights). No order or decree of specific performance with respect to any of the obligations of the Lessor hereunder shall be sought or enforced against the Lessor unless (A) the party seeking such order or decree shall first have requested the Lessor 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 Lessor 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, (B) if the Lessor refuses to comply with such request and the Lessor'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 Lessor an amount or undertaking sufficient to cover such reasonable fees and expenses, and (C) if the Lessor refuses to comply with such request and the Lessor'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 (1) agree to indemnify, hold harmless and defend the Lessor and its members, officers, agents (other than the Company) and employees against any liability incurred as a result of its compliance with such demand, and (2) if requested by the Lessor, furnish to the Lessor satisfactory security to protect the Lessor 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. Any failure to provide the indemnity required in this Section 12.10 shall not affect the full force and effect of an Event of Default under any of the Leasing Documents.

SECTION 12.11 SUBMISSION TO JURISDICTION. The Company hereby irrevocably and unconditionally agrees that any suit, action or proceeding arising out of or relating to this Agency Lease shall be brought in the state courts of the State of New York or federal district court for the Northern District of New York and waives any right to object to jurisdiction within either of the foregoing forums by the Lessor. Nothing contained herein shall prevent the Lessor from bringing any suit, action or proceeding or exercising any rights against any security and against the Company personally, and against any property of the Company, within any other jurisdiction and the initiation of such suit, action or proceeding or taking of such action in any such other jurisdiction shall in no event constitute a waiver of the agreements contained herein with respect to the laws of the State of New York governing the rights and obligations of the parties hereto or the agreement of the Company to submit to personal jurisdiction within the State of New York.

SECTION 12.12 RECORDING. The Lessor and the Company agree that this Agency Lease shall be recorded in the office of the Clerk of Essex County, New York by the Lessor at the expense of the Company.

SECTION 12.13 JOINT AND SEVERAL LIABILITY. In the event that this Agency Lease is executed by more than one lessee, the liability of such parties is joint and several. A separate action or actions may be brought and prosecuted against each lessee, whether or not action is brought against any other person or whether or not any other person is joined in such action or actions.

EXHIBIT "A"
DESCRIPTION OF THE LAND

All that certain piece or parcel of land situate and being in the Town of North Hudson, County of Essex, and State of New York, bounded and described as follows:

Beginning at a concrete monument located on the westerly right of way of U.S. Route 9 at its intersection with the property division line between the lands now or formerly of Essex County as described in liber 1751 of deeds at page 49 on the north, herein described and lands now or formerly of the Town of North Hudson as described in liber 1010 of deeds at page 260 on the south; thence South $84^{\circ}46'30''$ West, 556.00 feet to a capped iron rod set on the easterly right of way of Frontier Town Road at its intersection with the property division line between said lands of Essex County, herein described on the north and said lands of the Town of North Hudson on the south; thence along the easterly right of way of Frontier Town Road the following twelve courses and distances: 1) North $10^{\circ}45'00''$ East, 305.49 feet to a point; 2) North $10^{\circ}53'37''$ East, 119.08 feet to a point; 3) North $11^{\circ}59'40''$ East, 50.93 feet to a point; 4) North $18^{\circ}56'04''$ East, 95.49 feet to a point; 5) North $23^{\circ}23'04''$ East, 108.96 feet to a point; 6) North $33^{\circ}50'59''$ East, 88.38 feet to a point; 7) North $43^{\circ}24'01''$ East, 106.17 feet to a point; 8) North $55^{\circ}31'48''$ East, 128.45 feet to a point; 9) North $64^{\circ}30'42''$ East, 132.91 feet to a point at its intersection with the property division line between said lands of Essex County on the north and south thence along the lands of Essex County South $88^{\circ}48'22''$ East, 290.34 feet to a point at its intersection with the westerly right of way of U.S. Route 9; thence along the westerly right of way of U.S. Route 9 the following two courses and distances: 1) South $14^{\circ}47'51''$ West, 578.94 feet to a point; 2) South $17^{\circ}27'59''$ West, 336.74 feet to the point of beginning. Containing 11.284 acres of land being more or less.

The hereinabove described premises are more graphically depicted on a map entitled "Lands Now or Formerly of Essex County Parcel 2 To Be Acquired by Paradox Brewery," which map was prepared by Chazen Engineering, Land Surveying and Landscape Architecture, Co., D.P.C. and dated October 10, 2017, which map was duly filed in the Office of the Essex County Clerk on the 14th day of February, 2018 as Instrument #7452 pages 1 and 2.

EXHIBIT "B"

DESCRIPTION OF EQUIPMENT

All articles of personal property currently owned by the Company and purchased by the Company in its capacity as agent of the Lessor, or through any sub-agent of the Agency appointed by the Company, and its subcontractors and vendors, incorporated into the warehousing and manufacturing facility located at North Hudson, New York or used in connection with the constructing or equipping of said facility, all of which articles of personal property are exempt from sales or use tax imposed by the State of New York or any governmental instrumentality located within the State of New York by virtue of the Agency's status as a public benefit corporation.

EXHIBIT "C"

FORM OF BILL OF SALE TO THE COMPANY

ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York (the "State") having its office at 7566 Court Street, PO Box 217, Elizabethtown New York, 12932 (the "Grantor"), for the consideration of One Dollar (\$1.00), cash in hand paid, and other good and valuable consideration received by the Grantor from Paradox Brewery LLC, a limited liability company organized and existing under the laws of the State of New York and having an address of 154 U.S. Route 9, Schroon Lake, New York 12870 (the "Grantee"), the receipt of which is hereby acknowledged by the Grantor, hereby sells, transfers and delivers unto the Grantee, and its successors and assigns, all those materials, machinery, equipment, fixtures or furnishings which are described in Schedule "A" attached hereto and by this reference made a part hereof, now owned or hereafter acquired by the Grantor, and such additions thereto and substitutions therefor as may be made from time to time.

TO HAVE AND TO HOLD the same unto the Grantee, and its successors and assigns, forever.

THE GRANTOR MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF ANY OF THE EQUIPMENT DESCRIBED ABOVE. THE GRANTEE ACCEPTS TITLE TO SUCH EQUIPMENT "AS IS", WITHOUT RECOURSE AGAINST THE GRANTOR FOR ANY CONDITION NOW OR HEREAFTER EXISTING. IN THE EVENT OF A DEFICIENCY OR DEFAULT OF ANY NATURE, WHETHER PATENT OR LATENT, THE GRANTOR SHALL HAVE NO RESPONSIBILITY OR LIABILITY WHATSOEVER WITH RESPECT THERETO.

IN WITNESS WHEREOF, the Grantor has caused this bill of sale to be executed in its name by its duly authorized officer on the date indicated beneath the signature of such officer and dated as of the ____ day of ____, 201__

ESSEX COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Darren Darrah, Chairman

SCHEDULE "A"

DESCRIPTION OF EQUIPMENT

All articles of personal property owned by the Grantor and previously conveyed to the Grantor by the Grantee pursuant to the terms of that certain bill of sale dated _____, 2018 from the Grantee in favor of the Grantor.

PARADOX BREWERY LLC,
AS LANDLORD

AND

ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY,
AS TENANT

COMPANY LEASE AGREEMENT

DATED AS OF FEBRUARY 15, 2018

RELATING TO A CERTAIN PARCEL OF LAND
LOCATED AT NORTH HUDSON, NEW YORK

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COMPANY LEASE AGREEMENT

THIS COMPANY LEASE AGREEMENT dated as of February 15, 2018 (the "Company Lease Agreement") by and between Paradox Brewery LLC, a limited liability company organized and existing under the laws of the State of New York and having an address at 154 U.S. Route 9, Schroon Lake, New York 12870 (the "Company"), as landlord, and ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York having an office for the transaction of business located at 7566 Court Street, PO Box 217, Elizabethtown New York, 12932 (the "Agency"), as tenant;

WITNESSETH:

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

WHEREAS, the Enabling Act authorizes and provides for the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State of New York (the "State") and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and dispose of land and any building or other improvement, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, industrial or civic facility purposes, in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State and to improve their standard of living; and

WHEREAS, the Enabling Act further authorizes each such agency to lease or sell any or all of its facilities and to issue its bonds for the purpose of carrying out any of its corporate purposes and, as security for the payment of the principal and redemption price of and interest on any such bonds so issued and any agreements made in connection therewith, to mortgage and pledge any or all of its facilities, whether then owned or thereafter acquired, and to pledge the revenues and receipts from the lease or sale thereof to secure the payment of such bonds and interest thereon; and

WHEREAS, the Agency was created, pursuant to and in accordance with the provisions of the Enabling Act, by Chapter 563 of the Laws of 1973 of the State, as amended (collectively, with the Enabling Act, the "Act") and is empowered under the Act to undertake the Project (as hereinafter defined) in order to so advance the job opportunities, health, general prosperity and economic welfare of the people of the State and improve their standard of living; and

WHEREAS, the Agency, by resolution adopted on January 24, 2018, as amended on February 6, 2018 (the "Resolution"), resolved to undertake a project (the "Project") consisting of (A) (1) the acquisition of an interest in an approximately 11 acre parcel or parcels of land constituting tax map parcel 125.1-1-21 and located in North Hudson, New York (the "Land"), (2) the construction of an approximately 100 x 200 metal building (the "Facility") located on the Land to be used as a tasting room and brewing facility for the production of craft beer and (3) the

acquisition and installation in the Facility of certain machinery and equipment (the "Equipment" and together with the Land and the Facility, collectively, the "Project"), (B) the lease (with the obligation to purchase) or the sale of the Project Facility to the Company or such other person as may be designated by the company and agreed upon by the Agency and (C) the providing by the Agency of certain "Financial Assistance" (as defined in the Act) in the form of exemptions from mortgage recording tax, real property taxes and state and local sales tax; and;

WHEREAS, in connection therewith, the Company desires to lease the Land and the Facility to the Agency on the terms and conditions set forth in this Company Lease Agreement Lease, and it is the intention of the parties hereto that the Company's leasehold interest in the Land and the Facility under the Agency Lease (as hereinafter defined) and the Company's fee interest in the Land shall not merge; and

WHEREAS, all things necessary to constitute this Company Lease Agreement a valid and binding agreement by and between the parties hereto in accordance with the terms hereof have been done and performed, and the creation, execution and delivery of this Company Lease Agreement have in all respects been duly authorized by the Agency and the Company;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE PREMISES AND THE MUTUAL COVENANTS HEREINAFTER CONTAINED, THE PARTIES HERETO HEREBY FORMALLY COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS, TO WIT:

ARTICLE 1

DEFINITIONS

SECTION 1.1 DEFINITIONS. Capitalized terms in this Company Lease Agreement but not defined herein shall have the meaning set forth in the Agency Lease of even date herewith by and between the Agency, as landlord, and the Company, as tenant (the "Agency Lease"), or the Project Agreement, dated as of February 15, 2018, by and between the Agency and the Company (the "Project Agreement").

SECTION 1.2 INTERPRETATION. In this Company Lease Agreement, unless the context otherwise requires:

(A) The terms "hereby", "hereof", "herein", "hereunder", and any similar terms as used in this Company Lease Agreement, refer to this Company Lease Agreement, and the term "heretofore" shall mean before, and the term "hereafter" shall mean after, the date of this Company Lease Agreement.

(B) Words of masculine gender shall mean and include correlative words of feminine and neuter genders.

(C) Words importing the singular number shall mean and include the plural number, and vice versa.

(D) Any headings preceding the texts of the several Articles and Sections of this Company Lease Agreement, and any table of contents or marginal notes appended to copies hereof,

shall be solely for convenience of reference and shall neither constitute a part of this Company Lease Agreement nor affect its meaning, construction or effect.

(E) Any certificates, letters or opinions required to be given pursuant to this Company Lease Agreement shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Company Lease Agreement.

(F) Any provision of this Company Lease Agreement or the Agency Lease notwithstanding, in the event a right or obligation of the Agency or the Company is described or otherwise treated inconsistently with a right or obligation of the Agency or the Company described in the Project Agreement, the provisions of the Project Agreement control.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES

SECTION 2.1 REPRESENTATIONS AND WARRANTIES OF THE AGENCY. The Agency makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(A) The Agency is duly established under the provisions of the Act and has the power to enter into this Company Lease Agreement and to carry out its obligations hereunder.

(B) Neither the execution and delivery of this Company Lease Agreement nor the consummation of the transactions contemplated hereby will conflict with or result in a breach by the Agency of any of the terms, conditions or provisions of the Act, the by-laws of the Agency or any order, judgment, agreement or instrument to which the Agency is a party or by which the Agency is bound, or will constitute a default by the Agency under any of the foregoing.

SECTION 2.2 REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(A) The Company is a limited liability company duly organized validly existing and in good standing under the laws of the State of New York, and has the power to enter into this Company Lease Agreement and carry out its obligations hereunder and have executed this Company Lease Agreement. This Company Lease Agreement and the transactions contemplated hereby have been duly authorized by all necessary action on behalf of the Company.

(B) Neither the execution and delivery of this Company Lease Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Company Lease Agreement will (1) conflict with or result in a breach of any of the terms, conditions or provisions of any (i) the articles of organization or operating agreement of the Company or (ii) any order, judgment, agreement or instrument to which the Company is a party or by which the Company is bound, or constitute a default under any of the foregoing, or (2) result in the creation or imposition of any Lien of any nature upon any Property of the Company other than pursuant to the Leasing Documents, or (3) require consent (which has not been

heretofore received) under any agreement or instrument to which the Company is a party or by which the Company or any of its Property may be bound or affected, or (4) require consent (which has not been heretofore received) under, conflict with or violate any existing law, rule, regulation, judgment, order, writ, injunction or decree of any government, governmental instrumentality or court (domestic or foreign) having jurisdiction over the Company or any of the Property of the Company.

ARTICLE 3

LEASE PROVISIONS

SECTION 3.1 LEASE. The Company hereby demises and leases to the Agency, and the Agency hereby hires and leases from the Company, the Land, as said Land is more particularly described on Schedule A attached hereto, for the term set forth in Section 3.2 hereof together with the Facility. The foregoing conveyance is intended to include (1) any strips or gores of land adjoining the Land, (2) any land lying in the bed of any street or avenue abutting the Land, to the centerline thereof, and (3) a non-exclusive right to use any easements or other rights in adjoining property inuring to the Company by reason of the Company's ownership of the Land.

SECTION 3.2 TERM. (A) The Lease Term shall commence as of the dated date hereof and shall expire on the earliest to occur of (1) the date requested by the Company, or (2) February 15, 2029, or (3) so long as neither the Agency Lease nor the Company's right of possession as lessee thereunder shall have been terminated by the Agency pursuant to Article X thereof, the termination of the Agency Lease.

(B) So long as neither the Agency Lease nor the Company's right of possession thereunder shall have been terminated by the Agency pursuant to Article X thereof, upon any termination of this Company Lease Agreement, the Company shall prepare and the Agency will execute and deliver to the Company such instruments as the Company shall deem appropriate to evidence the release and discharge of this Company Lease Agreement.

SECTION 3.3 RENT. The rent payable by the Agency under this Company Lease Agreement shall be one dollar (\$1.00) and other good and valuable consideration, receipt of which is hereby acknowledged by the Company.

SECTION 3.4 USE; LEASE AGREEMENT; NON MERGER. (A) So long as neither the Agency Lease nor the Company's right of possession as lessee thereunder have been terminated by the Agency pursuant to Article X thereof, the Agency shall (1) hold and use the Project only for lease to the Company under the Agency Lease and (2) shall not mortgage, encumber, sell, assign, transfer, convey, pledge, or subject voluntarily or involuntarily, directly or indirectly, to any lien or other similar claim, or permit to be further mortgaged, encumbered, sold, assigned, transferred, conveyed, pledged, sublet or subjected to any lien without the prior written consent of the Company, its rights hereunder nor the leasehold estate hereby created, except as provided in the Agency Lease.

(B) Contemporaneously with the execution and delivery of this Company Lease Agreement, the Agency is entering into the Agency Lease, pursuant to which the Company as

agent of the Agency agrees to undertake and complete the Project and the Agency agrees, upon completion of the Project, to lease and transfer the Project to the Company. Pursuant to the Agency Lease, the Company, as tenant of the Project, is required to perform all of the Agency's obligations under this Company Lease Agreement. Accordingly, and notwithstanding anything to the contrary contained in this Company Lease Agreement, the Company shall not be entitled to declare a default hereunder or exercise any rights or remedies hereunder if any asserted default by the Agency hereunder relates to a failure by the Company, as tenant of the Project Facility under the Agency Lease, to perform its corresponding obligations under the Agency Lease.

(C) During the term of this Company Lease Agreement, there shall be no merger of this Company Lease Agreement nor of the leasehold estate created by this Company Lease Agreement with the fee estate in the Project or any part thereof by reason of the fact that the same person, firm, corporation or other entity may acquire or own or hold, directly or indirectly, (1) this Company Lease Agreement or the leasehold estate created by this Company Lease Agreement or any interest in this Company Lease Agreement or in any such leasehold estate and (2) the fee estate in the Premises or any part thereof or any interest in such fee estate, and no such merger shall occur unless and until all corporations, firms and other entities, including the Company and any mortgagee having any interest in (a) this Company Lease Agreement or the leasehold estate created by this Company Lease Agreement and (b) the fee estate in the Project or any part thereof or any interest in such fee estate, shall join in a written instrument effecting such merger and shall duly record the same.

SECTION 3.5 ADDITIONS, ALTERATIONS AND IMPROVEMENTS. Subject to the provisions of the Agency Lease, the Company, as agent of the Agency pursuant to the Agency Lease, shall have the right, from time to time, to make such changes, additions, improvements and alterations, demolition or new construction, structural or otherwise, to the Project as the Company shall deem necessary or desirable. Title to improvements now located or hereafter constructed upon the Premises, and any modifications, additions, restrictions, repairs and replacements thereof, shall be in the Agency during the term of this Company Lease Agreement, except as otherwise provided in the Agency Lease.

SECTION 3.6 ASSIGNMENT. Except as otherwise provided in the Leasing Documents, neither the Agency nor the Company shall assign or transfer this Company Lease Agreement, nor sublease the whole or any part of the Project leased hereby.

SECTION 3.7 POSSESSION; QUIET ENJOYMENT. (A) Pursuant to the terms of the Agency Lease, except as otherwise provided therein after the occurrence of an Event of Default thereunder, the Company has the exclusive right to possess and make improvements to the Project leased hereby.

(B) The Agency, upon paying the rent and observing and keeping all covenants, warranties, agreements and conditions of this Company Lease Agreement on the Agency's part to be kept, shall quietly have, hold and enjoy the Project during the Lease Term.

SECTION 3.8 LIENS. Except as otherwise provided in the Leasing Documents and the Project Agreement, the Agency shall not, directly, or indirectly, create or authorize to be created, any mortgage, lien, encumbrance or other charge upon, or pledge of, the Project or the Agency's

interest therein (except for Permitted Encumbrances), without the Company's prior written consent.

SECTION 3.9 TAXES. (A) It is recognized that, under the provisions of the Act, the Agency is required to pay no taxes or assessments upon any property acquired by it or under its jurisdiction or control or supervision. Pursuant to the Agency Lease, the Company has agreed to pay certain payments in lieu of taxes.

(B) In the event that (1) title to the Agency's interest in the Premises shall be conveyed to the Company, (2) on the date on which the Company obtains title to the Agency's interest in the Project, the Project shall be assessed as exempt upon the assessment roll of any one or more of any taxing entities, and (3) the fact of obtaining title to the Agency's interest in the Project shall not immediately obligate the Company to make pro rata tax payments pursuant to legislation similar to Chapter 635 of the 1978 Laws of the State (codified as subsection 3 of Section 302 of the Real Property Tax Law and Section 520 of the Real Property Tax Law), the Company shall be obligated to make payments in lieu of taxes to the respective receivers of taxes in amounts equal to those amounts which would be due from the Company as real property taxes with respect to the Premises if the Project were owned by the Company and until the first tax year in which the Company shall appear on the tax rolls of the various taxing entities having jurisdiction over the Project as the legal owner of record of the Agency's interest in the Projects.

SECTION 3.10 MAINTENANCE. Pursuant to the Agency Lease, during the term of this Company Lease Agreement, the Company has agreed, at the Company's sole cost and expense, to keep and maintain or cause to be kept and maintained the Project Facility in good order and condition and make or cause to be made all repairs thereto, interior and exterior, structural and non-structural, ordinary and extraordinary, and foreseen and unforeseen. The Agency will have no responsibility with respect to the foregoing.

SECTION 3.11 CONDEMNATION. Subject to the provisions of the Agency Lease and the other Leasing Documents, in the event of a total, substantial or partial taking by eminent domain or for any public or quasi-public use under any statute (or voluntary transfer or conveyance to the condemning agency under threat of condemnation), the Agency shall be entitled to its costs and expenses incurred with respect to the Project (including any unpaid amounts due pursuant to the Leasing Documents and the costs of participating in such condemnation proceeding or transfer), and thereafter the Agency shall not participate further in any condemnation award.

ARTICLE 4

EVENTS OF DEFAULT AND REMEDIES

SECTION 4.1 DEFAULT. (A) Any one or more of the following events shall constitute an "Event of Default" under this Company Lease Agreement:

(1) The failure of the Agency (or the Company on behalf of the Agency) to pay the rent due pursuant to this Company Lease Agreement within fifteen (15) days after written notice to the Agency specifying the nature of such default; or

(2) The failure of the Agency (or the Company on behalf of the Agency) to observe and perform any covenant, condition or agreement on its part to be performed (other than as referred to in paragraph (1) above) and continuance of such failure for a period of thirty (30) days after notice to the Agency specifying the nature of such default; provided that if by reason of the nature of such default the same cannot be remedied within thirty (30) days, failure of the Agency (or the Company on behalf of the Agency) to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence.

(B) Notwithstanding the provisions of Section 4.1(A) hereof, if by reason of force majeure (as hereinafter defined) either party hereto shall be unable, in whole or in part, to carry out its obligations under this Company Lease Agreement and if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after the occurrence of the event or cause relied upon, the obligations under this Company Lease Agreement of the party giving such notice so far as they are affected by such force majeure, shall be suspended during the continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The suspension of such obligations for such period pursuant to this subsection (B) shall not be deemed an event of default under this Section 4.1. The term "force majeure" as used herein shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public, enemies, orders of any kind of government authority or any civil or military authority, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, partial or entire failure of utilities. It is agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the party having difficulty and the party having difficulty shall not be required to settle any strike, lockout or other industrial disturbances by acceding to the demands of the opposing party or parties.

SECTION 4.2 REMEDIES ON DEFAULT. Whenever any Event of Default hereunder by one party hereto shall have occurred and be continuing for more than fifteen (15) days after written notice of default by the other party, the other party may enforce the provisions of this Company Lease Agreement and may enforce and protect its right by a suit or suits in equity or at law for (1) the specific performance of any covenant or agreement contained herein or (2) any other appropriate legal or equitable remedy.

SECTION 4.3 REMEDIES CUMULATIVE. No remedy herein conferred upon or reserved to the Agency is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Company Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Agency to exercise any remedy reserved to it in this Article IV, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 4.4 INTENTIONALLY OMITTED.

SECTION 4.5 NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER. In the event any agreement contained herein should be breached by either party and thereafter such breach be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE 5

MISCELLANEOUS

SECTION 5.1 SURRENDER. (A) The Agency shall, on the last day of the Lease Term or on the last day of any earlier termination of the Lease Term, surrender and deliver the Project and all buildings, improvements, alterations, equipment and fixtures located thereon to the possession and use of the Company without delay and in good order, condition and repair, except for reasonable wear and tear.

(B) On the last day of the Lease Term or on the last day of any earlier termination of the Lease Term, title to all buildings, Improvements, alterations, equipment located on the Premises shall automatically, and without the need of any further or additional instrument, vest in the Company. Notwithstanding the foregoing, upon the reasonable request of the Company, the Agency shall execute and deliver to the Company a termination of this Company Lease Agreement to be recorded to confirm this vesting of title.

SECTION 5.2 NOTICES. (A) All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when (1) sent to the applicable address stated below by registered or certified mail, return receipt requested, or by such other means as shall provide the sender with documentary evidence of such delivery, or (2) delivery is refused by the addressee, as evidenced by an affidavit of the Person who attempted to effect such delivery.

(B) The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

IF TO THE COMPANY:

Paradox Brewery LLC
154 U.S. Route 9
Schroon Lake, New York 12870
Attention: Paul Mrocka

WITH A COPY TO:

Lemery Greisler LLC
60 Railroad Place, Suite 502
Saratoga Springs, New York 12866
Attention: James Carminucci, Esq.

IF TO THE LESSOR

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 Norfolk LLP
2296 Saranac Avenue
Lake Placid, New York 12946

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

SECTION 5.3 APPLICABLE LAW. This Company Lease Agreement shall be governed exclusively by the applicable laws of the State.

SECTION 5.4 BINDING EFFECT. This Company Lease Agreement shall inure to the benefit of, and shall be binding upon the Agency and the Company and their respective successors and assigns permitted hereunder; provided, that, except as provided elsewhere herein or in the other Leasing Documents, the interest of the Agency in this Company Lease Agreement may not be mortgaged, encumbered, sold, assigned, transferred, conveyed, pledged, sublet or subjected to any lien or otherwise transferred without the prior written consent of the Company.

SECTION 5.5 SEVERABILITY. If any one or more of the covenants or agreements provided herein on the part of the Agency or the Company to be performed shall, for any reason, be held or shall, in fact, be inoperative, unenforceable or contrary to law in any particular case, such circumstance shall not render the provision in question inoperative or unenforceable in any other case or circumstance. Further, if any one or more of the phrases, sentences, clauses, paragraphs or sections herein shall be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed separable from the remaining provisions hereof and shall in no way affect the validity of the other provisions of this Company Lease Agreement.

SECTION 5.6 AMENDMENTS, CHANGES AND MODIFICATIONS. This Company Lease Agreement may not be amended, changed, modified, altered or terminated, except by an instrument in writing signed by the parties hereto.

SECTION 5.7 EXECUTION OF COUNTERPARTS. This Company Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 5.8 TABLE OF CONTENTS AND SECTION HEADINGS NOT CONTROLLING. The Table of Contents and the headings of the several Sections in this Company Lease Agreement have been prepared for convenience of reference only and shall not control,

affect the meaning of or be taken as an interpretation of any provision of this Company Lease Agreement.

SECTION 5.9 NO RECOURSE; SPECIAL OBLIGATION. (A) The obligations and agreements of the Agency contained herein and in the other Leasing Documents 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 herein and in the other Basic Documents shall not constitute or give rise to an obligation of the State of New York or Essex County, New York, and neither the State of New York nor Essex 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 lease, sale or other disposition of the Project Facility.

(C) No order or decree of specific performance with respect to any of the obligations of the Agency hereunder or under the other Leasing Documents shall be sought or enforced against the Agency unless (1) 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, (2) 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 (3) 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 (a) agree to indemnify and hold harmless the Agency and its members, officers, agents (other than the Company) and employees against any liability incurred as a result of its compliance with such demand, and (b) if requested by the Agency, furnish to the Agency satisfactory security to protect 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.

SECTION 5.10 RECORDING. The Agency and the Company agree that this Company Lease Agreement (or a memorandum thereof) shall be recorded by the Agency at the expense of the Company in the appropriate office of the County Clerk of Essex County, New York.

SECTION 5.11 SUBORDINATION TO MORTGAGE. This Company Lease Agreement and any and all modifications, amendments, renewals and extensions hereof shall be subject and subordinate to any mortgage, security agreement or collateral in favor of the Bank, NYBDC LDC, ESCDC or SBA, as their respective interests may appear, with respect to the Project, and to any and all modifications, amendments, consolidations, extensions, renewals, replacements and increases thereof.

IN WITNESS WHEREOF, the Agency and the Company have caused this Company Lease Agreement to be executed in their respective names by their respective duly authorized officers and to be dated as of the day and year first above written.

ESSEX COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____

Name: Darren Darrah

Title: Chairman

PARADOX BREWERY LLC

By: _____

Name: Paul A. Mrocka

Title: Manager

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

On this _____ day of February, 2018, 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

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

On this _____ day of February, 2018, before me, the undersigned, a Notary Public in and for said State, personally appeared **PAUL A. MROCKA**, 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

SCHEDULE A

All that certain piece or parcel of land situate and being in the Town of North Hudson, County of Essex, and State of New York, bounded and described as follows:

Beginning at a concrete monument located on the westerly right of way of U.S. Route 9 at its intersection with the property division line between the lands now or formerly of Essex County as described in liber 1751 of deeds at page 49 on the north, herein described and lands now or formerly of the Town of North Hudson as described in liber 1010 of deeds at page 260 on the south; thence South $84^{\circ}46'30''$ West, 556.00 feet to a capped iron rod set on the easterly right of way of Frontier Town Road at its intersection with the property division line between said lands of Essex County, herein described on the north and said lands of the Town of North Hudson on the south; thence along the easterly right of way of Frontier Town Road the following twelve courses and distances: 1) North $10^{\circ}45'00''$ East, 305.49 feet to a point; 2) North $10^{\circ}53'37''$ East, 119.08 feet to a point; 3) North $11^{\circ}59'40''$ East, 50.93 feet to a point; 4) North $18^{\circ}56'04''$ East, 95.49 feet to a point; 5) North $23^{\circ}23'04''$ East, 108.96 feet to a point; 6) North $33^{\circ}50'59''$ East, 88.38 feet to a point; 7) North $43^{\circ}24'01''$ East, 106.17 feet to a point; 8) North $55^{\circ}31'48''$ East, 128.45 feet to a point; 9) North $64^{\circ}30'42''$ East, 132.91 feet to a point at its intersection with the property division line between said lands of Essex County on the north and south thence along the lands of Essex County South $88^{\circ}48'22''$ East, 290.34 feet to a point at its intersection with the westerly right of way of U.S. Route 9; thence along the westerly right of U.S. Route 9 the following two courses and distances: 1) South $14^{\circ}47'51''$ West, 578.94 feet to a point; 2) South $17^{\circ}27'59''$ West, 336.74 feet to the point of beginning. Containing 11.284 acres of land being more or less.

The hereinabove described premises are more graphically depicted on a map entitled "Lands Now or Formerly of Essex County Parcel 2 To Be Acquired by Paradox Brewery," which map was prepared by Chazen Engineering, Land Surveying and Landscape Architecture, Co., D.P.C. and dated October 10, 2017, which map was duly filed in the Office of the Essex County Clerk on the 14th day of February, 2018 as Instrument #7452 pages 1 and 2.

EXHIBIT B
Letter of Authorization for Sales Tax Exemption

Appendix B-1

SCHEDULE A

**Certificate of Authorized Representative
Regarding Sales Tax Exemption**

Pursuant to the Project Agreement dated February 15, 2018 between the Essex County Industrial Development Agency (the "Agency") and Paradox Brewery LLC (the "Company"), the undersigned does hereby certify:

1. That the aggregate dollar amount of all sales tax exemptions availed of or by the Company from January 1 through December 31, ____ is \$_____.

2. That the aggregate dollar amount of all sales tax exemption availed of or by the Company from the date of original issuance of the sales tax letter through _____, ____ is \$_____.

3. That all sales tax exemptions so availed are in compliance with the provisions of the Sales Tax Letter.

Dated: _____, 20__

By: _____
Name:
Title:

EXHIBIT C
FORM OF SALES TAX EXEMPTION APPLICATION

To: Essex County Industrial Development Agency
7566 Court Street, Elizabethtown
New York 12996

Re: Essex County Industrial Development Agency
Paradox Brewery LLC Project

Sales Tax Exemption
Application Number: _____

Date: _____, 20__

Gentlemen:

Pursuant to Section 5.4(c)(iii) of that certain Project Agreement dated as of February 15, 2018 (the "Project Agreement") by and between the Essex County Industrial Development Agency (the "Agency") and PARADOX BREWERY LLC (the "Company"), the Company is applying for a sales tax exemption letter to cover the following contract:

1. Project Name: PARADOX BREWERY LLC Project
2. Project Number: _____
3. Project Description: acquisition, construction, equipping and furnishing of an approximately 100 x 200 metal building for use as a tasting room and brewing facility for the production of craft beer to be constructed in North Hudson, New York.
4. Application Period Covered by:
5. Description of Goods or Services Estimated to be Purchased During Period Covered: See Attached Schedule F-1
6. Total Estimated Project Cost for Period Covered (total estimated contract price of goods or services to be purchased): \$ _____
7. Amount of Total Estimated \$ _____

Appendix C-1

Project Cost normally subject to
State and Local Sales and Use
Taxes:

8. Anticipated Sales Tax Benefit: \$ _____

9. Cumulative Sales Tax Benefit
received by the Company to date
with respect to the Project (i.e.
line 8 plus line 8 of all previous
applications):

(If additional space is required to complete this form, please attach a separate page)

PARADOX BREWERY LLC

BY: _____