

FINAL AUTHORIZING RESOLUTION
(Eastdale Village 2018 Project – Phase II)

At a regular meeting of the Dutchess County Industrial Development Agency (the “Agency”), held at 8:00 a.m. at Three Neptune Road, Poughkeepsie, New York on the 10th day of April, 2019, the following members of the Agency were:

PRESENT: Timothy Dean, Vice Chairman
Mark Doyle, Secretary/Treasurer
Kathleen M. Bauer
Stacey M. Langenthal

ABSENT: Charles Daniels III, Chairman
Alfred D. Torreggiani
Donald R. Sagliano

ALSO PRESENT: Sarah Lee, Executive Director
Marilyn Yerks, Chief Financial Officer
Donald Cappillino, Counsel
Elizabeth A. Cappillino, Counsel

After the meeting had been duly called to order, the Vice Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to acquisition of title to, or a leasehold interest in, a certain industrial development facility (Eastdale Village 2018 Project – Phase II) and the leasing of the facility to Premier Eastdale LLC as more particularly described below:

RESOLUTION OF THE DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT, RECONSTRUCTION, REPAIR, RENOVATION, INSTALLATION, FURNISHING AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY FOR PREMIER EASTDALE, LLC AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended and Chapter 335 of the Laws of 1977 of the State of New York (collectively, the “Act”), the Agency was created with the authority and power among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, MHTC Development, LLC, a limited liability company duly organized and validly existing under the laws of the State of Delaware and authorized to transact business in the State of New York (the “**Master Company**”) submitted an application (the “**Application**”) to the Agency for financial assistance to finance a project (the “**Master Project**”)

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furnishing and equipping of a certain mixed use commercial facility (the “**Master Facility**”) in eight phases, known as “Eastdale Village Town Center”, which financial assistance was approved by resolution dated August 7, 2018 (the “**Master Authorizing Resolution**”); and

WHEREAS, the Master Company and the Agency previously entered into a Master Company Lease Agreement, dated as of August 1, 2018 (the “**Master Company Lease**”), with respect to the Master Facility; and

WHEREAS, the Agency and the Master Company previously entered into a Master Lease and Project Agreement, dated as of August 1, 2018 (the “**Master Lease**”), whereby the Agency leased the Master Facility to the Master Company; and

WHEREAS, the Master Company previously informed the Agency that it wished to commence the acquisition, construction and equipping of the first phase of the Master Project (the “**Phase I Project**”); and

WHEREAS, in connection therewith and pursuant to the terms of the Master Lease, the portion of the Master Facility allocated to the Phase I Project (the “**Phase I Facility**”) was released from the Master Company Lease and the Master Lease, and the Agency and Eastdale Residential I, LLC (the “**Phase I Company**”) entered into a straight-lease transaction in connection therewith; and

WHEREAS, by letter dated March 11, 2019, the Master Company and **PREMIER EASTDALE, LLC**, a Delaware limited liability company authorized to do business in New York with offices at 199 West Road, Suite 101, Pleasant Valley, New York 12569 (the “**Company**”) have updated the Application and requested that the Agency take official action toward the final issuance or granting of financial assistance to the Company in connection with the second phase of the Master Project (the “**Phase II Project**”) consisting of (a) the construction, improvement, installation, furnishing and equipping of one two-story, approximately 27,000 square foot commercial building (the “**Improvements**”) located on an approximately 3.570-acre parcel shown as Lot 4W on Filed Map No. 8062B filed in the Dutchess County Clerk’s Office on January 23, 2019 located at 50 Eastdale Avenue North in the Town of Poughkeepsie, County of Dutchess, State of New York, bearing Tax. Map Grid No. 134689-6262-04-696343 (the “**Land**”), and (b) the acquisition and installation of new equipment, machinery and other personal property for use in the premises described above (the “**Equipment**”; and together with the Land and the Improvements, the “**Phase II Facility**”), which Phase II Facility will be leased by the Agency to the Company to be further subleased by the Company to Premier Medical Urology Group and used as a medical office building. The Phase II Facility will be initially owned, operated and/or managed by the Company; and

WHEREAS, the Master Company has conveyed fee title to the Land and Improvements to the Company, and the same shall be released from the Master Company Lease and Master Lease; and

WHEREAS, the Agency requires, as a condition to its issuance of Financial Assistance, that the Company lease that portion of the Phase II Facility consisting of the Land and

Improvements to the Agency pursuant to the terms of a certain Phase II Company Lease Agreement dated as of April 1, 2019 (the “**Company Lease**”) by and between the Company and the Agency; and

WHEREAS, the Company has agreed to transfer title to the Equipment to the Agency pursuant to a Bill of Sale, dated the Closing Date (the “**Bill of Sale**”); and

WHEREAS, the Agency has agreed to sublease and lease the Phase II Facility to the Company pursuant to a certain Phase II Lease and Project Agreement dated as of April 1, 2019 (the “**Lease Agreement**”) by and between the Agency and the Company; and

WHEREAS, the Company has agreed with the Agency, on behalf of the Agency and as the Agency’s agent, to complete the Project Work (as defined in the Lease Agreement) substantially in accordance with the Plans and Specifications (as defined in the Lease Agreement); and

WHEREAS, the Agency contemplates that it will provide financial assistance (the “**Phase II Financial Assistance**”) to the Company consistent with the policies of the Agency, in the form of (i) exemptions from sales and use taxes in an amount not to exceed \$393,940 in connection with the purchase or lease of equipment, building materials, services or other personal property with the respect to the Phase II Facility; (ii) exemptions from mortgage recording taxes for one or more mortgages securing an aggregate principal amount not to exceed \$7,607,066 in connection with the Project Work; and (iii) abatement of real property taxes on the Phase II Facility as set forth in the PILOT Schedule attached as Exhibit A hereof; and

WHEREAS, such Phase II Financial Assistance will be allocated from a portion of the financial assistance which the Agency has granted to the Master Company for the Master Project; and

WHEREAS, the Agency previously determined in its Master Authorizing Resolution that although the Master Facility is used in making retail sales to customers who visit the Master Facility and would be considered a “retail facility”, based upon the representations and warranties of the Master Company and Master Company Counsel and the report from Camoin Associates, Inc. dated June 12, 2018, the Facility is located in a “highly distressed area” as described in §862(2)(b) of the Act and therefore the Master Facility is not subject to the prohibitions on providing financial assistance to retail facilities; and

WHEREAS, the Agency previously determined in its Master Authorizing Resolution that Master Project will not have a significant adverse impact or significant adverse effect on the environment as defined under SEQRA; and

WHEREAS, in compliance with §859-a of the Act, the Agency on June 25, 2018 held a public hearing on the grant of financial assistance with regard to the Master Project following publication in the *Poughkeepsie Journal* on June 10, 2018 of a notice of the public hearing; and

WHEREAS, in compliance with §859-a of the Act and Section 9.1(d) of the Master Lease, the Agency on April 9, 2019 held a public hearing on the grant of the Phase II Financial Assistance as set forth herein following publication in the *Poughkeepsie Journal* on March 25, 2019 of a notice of the public hearing; and

WHEREAS, the Company has agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transaction contemplated by the leasing of the Phase II Facility by the Agency to the Company.

NOW, THEREFORE, BE IT RESOLVED, by the Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. The Agency reaffirms and readopts the findings and determinations in its Final Authorizing Resolution with regard to the Master Facility.

Section 2. The Agency hereby finds and determines:

(a) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(b) The Facility constitutes a “project”, as such term is defined in the Act; and

(c) The public hearing held by the Agency on April 9, 2019, concerning the grant of the Phase II Financial Assistance as set forth herein and the nature and location of the Phase II Facility was duly held in accordance with the laws of the State of New York, including but not limited to the giving of public notice of the meeting a reasonable time before the meeting and affording a reasonable opportunity for persons with differing views to be heard on Agency’s providing the financial assistance contemplated herein and the location and nature of the Phase II Facility; and

(d) The Project Work and the leasing of the Phase II Facility to the Company will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of Dutchess County and the State of New York and improve their standard of living and thereby serve the public purposes of the Act; and

(e) The Project Work is reasonably necessary to induce the Company to maintain and expand their business operations in the State of New York and to discourage the Company from removing their facility to a location outside the state and to preserve the competitive position of the Company in their respective industry; and

(f) The Phase II Project will serve the Agency’s public purposes as set forth in the Act by preserving or increasing the number of permanent, private sector jobs in Dutchess County and the State of New York.

(g) Based upon representations of the Company and Company Counsel, the Phase II Facility conforms with the local zoning laws and planning regulations of Dutchess County and all regional and local land use plans for the area in which the Phase II Facility is located; and

(h) It is desirable and in the public interest for the Agency to approve the requested Phase II Financial Assistance to the Phase II Facility; and

(i) The Company Lease will be an effective instrument whereby the Agency leases the Phase II Facility from the Company; and

(j) The Lease Agreement will be an effective instrument whereby: (1) the Agency leases and subleases the Phase II Facility to the Company; (2) the Agency and the Company set forth the terms and conditions of their agreement regarding the Company's payments-in-lieu of real property taxes; (3) the Company agrees to comply with all Environmental Laws (as defined therein) applicable to the Phase II Facility and will indemnify and hold harmless the Agency for all liability under all such Environmental Laws; and (4) the Agency and the Company set forth the circumstances in which the Agency may recapture some or all of the benefits granted to the Company in the event any enumerated Recapture Event (as defined therein) occurs.

Section 3. Subject to (i) the Company executing the Company Lease, the Lease Agreement, and the Bill of Sale and (ii) the delivery to the Agency of a binder, certificate or other evidence of liability insurance policy for the Phase II Facility satisfactory to the Agency, the Agency hereby authorizes the Company to proceed with the Project Work and appoints the Company as the true and lawful agent of the Agency.

Section 4. In consequence of the foregoing, the Agency hereby determines to: (i) sublease the Phase II Facility to the Company pursuant to the Lease Agreement, (ii) execute, deliver and perform the Lease Agreement; and (iii) execute and deliver the Company Lease.

Section 5. The Agency is hereby authorized to acquire a leasehold interest in the real property and personal property described in Exhibit A and Exhibit B, respectively, to the Lease Agreement and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 6. The form and substance of the Company Lease and the Lease Agreement (each in substantially the forms presented to the Agency and which, prior to the execution and delivery thereof, may be redated and renamed) are hereby approved.

Section 7. The Agency hereby authorizes and approves the Phase II Financial Assistance to be granted to the Company in connection with the Phase II Project.

Section 8. Recapture Provisions. The Agency has retained certain recapture rights under the terms and conditions of the Lease Agreement, of which Section 5.4 relating to recapture rights is attached hereto and made a part hereof as Exhibit B, upon the occurrence of a Recapture Event as defined therein.

Section 9. Based upon the representation and warranties made by the Company in the Application, the Agency hereby authorizes and approves the Company, as its agents, to make purchases of goods and services relating to the Phase II Facility and that would otherwise be subject to New York State and local sales and use tax in an amount up to approximately \$4,848,492.31, which result in New York State and local sales and use tax exemption benefits (“**sales and use tax exemption benefits**”) not to exceed \$393,940. The Agency agrees to consider any requests by the Company for increases to the amount of sales and use tax exemption benefits authorized by the Agency upon being provided with appropriate documentation detailing the additional purchases of property or services, and, to the extent required, the Agency authorizes and conducts any supplemental public hearing(s).

Section 10.

(a) The Chairman, Vice Chairman, any member of the Agency or the Executive Director are hereby authorized, on behalf of the Agency, to execute and deliver the Company Lease and the Lease Agreement (including any Mortgage and accompanying Assignment of Leases and Rents and Consents to Assignment and any other financing documents reasonably approved as to form and substance by the Executive Director and counsel to the Agency), all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, Vice Chairman, any member of the Agency or the Executive Director shall approve, and such other related documents as may be, in the judgment of the Executive Director and Agency Counsel and Transaction Counsel, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the “**Agency Documents**”). The execution thereof by the Chairman, Vice Chairman, any member of the Agency or the Executive Director of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, Vice Chairman, any member of the Agency and the Executive Director of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement). The Agency hereby appoints each Member of the Agency, Agency Counsel and Transaction Counsel to serve as an Assistant Secretary of the Agency for purposes of this transaction.

Section 11. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute and deliver all such additional certificates, instruments and documents, pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 12. This resolution shall take effect immediately.

The following resolution was duly moved by Stacey M. Langenthal seconded by Mark Doyle, discussed and adopted with the following members voting:

Charles Daniels, III, Chairman	Being	ABSENT
Timothy Dean, Vice Chairman	VOTING	"Aye"
Mark Doyle, Secretary/Treasurer	VOTING	"Aye"
Kathleen M. Bauer	VOTING	"Aye"
Stacey M. Langenthal	VOTING	"Aye"
Donald R. Sagliano	Being	ABSENT
Alfred D. Torreggiani	Being	ABSENT

Adopted: April 10, 2019

EXHIBIT A

PILOT SCHEDULE

Formula for Payments-In-Lieu-of-Taxes (“**PILOTS**”): Town of Poughkeepsie, (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Phase II Facility is wholly or partially located), Arlington Central School District, Dutchess County and Special Districts (collectively the “**Taxing Jurisdictions**”).

Section 1 - **Definitions**: In this PILOT Schedule, the following terms shall have the meanings specified as follows, unless the context otherwise requires:

“**PILOT**” shall mean the payment-in-lieu-of-taxes required hereunder to be paid by the Company to the Agency. The PILOTS are more particularly described as follows:

“**Annual PILOT**” shall mean the sum of PILOTS due hereunder in a PILOT year.

“**Apportioned Share of the Annual PILOT**” shall mean the percentage of each Annual PILOT each Taxing Jurisdiction is entitled to receive, to be determined ratably using the ratio that the Taxing Jurisdiction’s tax rate bears to the total tax rate of all of the Taxing Jurisdictions, using the tax rates from the year prior to the Taxable Status Date. The Special District PILOTS shall not be apportioned but shall be billed with the Annual PILOT invoice. The School District PILOT shall not be apportioned but shall be calculated, billed and paid separately.

“**County PILOT**” shall mean the Dutchess County’s Apportioned Share of the Annual PILOT due on February 28 of each year.

“**School District PILOT**” shall mean the Arlington Central School District’s Apportioned Share of the Annual PILOT due on October 1 of each year.

“**Town PILOT**” shall mean the Town of Poughkeepsie’s Apportioned Share of the Annual PILOT due on February 28 of each year.

“**Special Districts PILOTS**” shall mean the PILOTS for the Arlington Fire District, Poughkeepsie Library District, Townwide Drainage Improvement, Townwide Water Improvement, and Consolidated Light.

“**PILOT Year**” shall mean the first tax year following the Taxable Status Date after the Completion Date. For example, if the Completion Date was prior to March 1, 2020, the Initial PILOT Year would include the

- 2020/2021 School District PILOT, the
- 2021 County PILOT, the
- 2021 Town PILOT, the
- 2021 Arlington Fire District PILOT
- 2021 Poughkeepsie Library District PILOT
- 2021 Townwide Drainage Improvement PILOT
- 2021 Townwide Water Improvement PILOT

2021 Consolidated Light PILOT, (collectively the “**Initial PILOT Year**”) shall become due, and annually thereafter for a total of twenty (20) years in accordance with the Schedule of PILOT Payments.

“Schedule of Exemptions and Calculation of PILOTs” – Special District PILOTs shall be equal to the full amount of taxes that would have been levied upon the Phase II Facility and Additional Facilities if the Phase II Facility and Additional Facilities were owned by the Company and the Agency had no ownership interest. For the County PILOT, the Town PILOT and the School District PILOT, the PILOT shall be equal to the full amount of taxes that would have been levied upon the Phase II Facility and Additional Facilities, up to an assessed value of \$277,854 if the Phase Facility and Additional Facilities were owned by the Company and the Agency had no ownership interest. If the assessed value exceeds \$277,854, the County PILOT, Town PILOT and the School District PILOT shall be increased by an amount equal to the amount of taxes that would have been levied upon the Phase II Facility and Additional Facilities on that excess amount but reduced by the following exemption percentage:

PILOT Year	Exemption Percentage
1	75%
2	75%
3	75%
4	75%
5	75%
6	63%
7	63%
8	63%
9	63%
10	63%
11	50%
12	50%
13	50%
14	50%
15	50%
16	25%
17	25%
18	25%
19	25%
20	25%
thereafter	0%

“Taxable Status Date” shall mean March 1 of each year. For School District PILOTs, Taxable Status Date shall mean March 1 of the year the PILOTs are due. For County, Town and Special District PILOTs, Taxable Status Date shall mean March 1 of the year prior to the PILOTs being due.

Section 2 - Billing, Apportionment and Distribution of PILOTs

After Taxable Status Date each year the Agency shall determine the Annual PILOT, the Apportioned Share of the Annual PILOT and the School District Annual PILOT. The Agency shall send an invoice to the Company for the Annual PILOT. Once received by the Agency, the PILOTs shall be distributed to the appropriate Taxing Jurisdiction timely in accordance with law.

EXHIBIT B

EXCERPT FROM LEASE AGREEMENT

Section 5.4 Recapture of Agency Benefits.

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

- (i) If there shall occur a Recapture Event prior to the Completion Date or within the first (1st) or second (2nd) year after the Completion Date, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, one hundred percent (100%) of the Recaptured Benefits (as defined below);
- (ii) If there shall occur a Recapture Event during the third (3rd) year after the Completion Date, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, ninety percent (90%) of the Recaptured Benefits;
- (iii) If there shall occur a Recapture Event during the fourth (4th) year after the Completion Date, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, eighty percent (80%) of the Recaptured Benefits;
- (iv) If there shall occur a Recapture Event during the fifth (5th) year after the Completion Date, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, seventy percent (70%) of the Recaptured Benefits; and
- (v) If there shall occur a Recapture Event during the sixth (6th) year after the Completion Date, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, sixty percent (60%) of the Recaptured Benefits; and
- (vi) If there shall occur a Recapture Event during the seventh (7th) year after the Completion Date, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, fifty percent (50%) of the Recaptured Benefits;

- (viii) If there shall occur a Recapture Event during the eighth (8th) year after the Completion Date, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, forty percent (40%) of the Recaptured Benefits; and
- (ix) If there shall occur a Recapture Event during the ninth (9th) year after the Completion Date, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, thirty percent (30%) of the Recaptured Benefits; and
- (x) If there shall occur a Recapture Event during the tenth (10th) year after the Completion Date, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, twenty percent (20%) of the Recaptured Benefits; and
- (xi) If there shall occur a Recapture Event during the eleventh (11th) year after the Completion Date, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, ten percent (10%) of the Recaptured Benefits; and
- (xii) If there shall occur a Recapture Event during the twelfth (12th) year after the Completion Date, the Company shall not be obligated to pay to the Agency, or to the State of New York, any of the Recaptured Benefits; and

(b) The term “**Recaptured Benefits**” shall mean all direct monetary benefits, tax exemptions and abatements and other financial assistance, if any, derived solely from the Agency’s participation in the transaction contemplated by the Lease Agreement including, but not limited to, the amount equal to 100% of:

- (i) the Mortgage Recording Tax Exemption; and
- (ii) Sales Tax Exemption savings realized by or for the benefit of the Company, including any savings realized by any Agent pursuant to the Lease Agreement and each Sales Tax Agent Authorization Letter issued in connection with the Facility (the “**Company Sales Tax Savings**”); and
- (iii) real property tax abatements granted pursuant to Section 5.1 hereof (the “**Real Property Tax Abatements**”);

which Recaptured Benefits from time to time shall upon the occurrence of a Recapture Event in accordance with the provisions of subsection (c) below and the declaration of a Recapture Event

by notice from the Agency to the Company be payable directly to the Agency or the State of New York if so directed by the Agency within thirty (30) days after such notice.

- (c) The term “**Recapture Event**” shall mean any of the following events:
 - (i) The occurrence and continuation of an Event of Default under this Lease Agreement (other than as described in clause (iv) below or in subsection (e) below) which remains uncured beyond any applicable notice and/or grace period, if any, provided hereunder; or
 - (ii) The Phase II Facility shall cease to be a “project” within the meaning of the Act, as in effect on the Closing Date, through the act or omission of the Company; or
 - (iii) The sale of the Phase II Facility or closure of the Phase II Facility and/or departure of the Company from Dutchess County, except as due to casualty, condemnation or force majeure as provided in subsection (e) below or as provided in Section 9.3 hereof; or
 - (iv) Failure of the Company to create or cause to be maintained at least ninety percent (90%) of the number of FTE jobs at the Phase II Facility as provided in Section 8.11 of this Lease Agreement, which failure is not reflective of the business conditions of the Company or the subtenants of the Company, including without limitation loss of major sales, revenues, distribution or other adverse business developments and/or local, national or international economic conditions, trade issues or industry wide conditions; or
 - (v) Any significant deviations from the Project Application Information which would constitute a significant diminution of the Company’s activities in, or commitment to Dutchess County, New York; or
 - (vi) The Company receives Sales Tax Savings in connection with the Project Work in excess of the Maximum Company Sales Tax Savings Amount; provided, however, that the foregoing shall constitute a Recapture Event with respect to such excess Sales Tax Savings only. It is further provided that failure to repay the Sales Tax Savings within thirty (30) days shall constitute a Recapture Event with respect to all Recapture Benefits.

(d) Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred as a result of an assignment of any Parcel by the Company to a future lessee in connection with the construction, improvement, reconstruction, repair, renovation, installation, furnishing, equipping and/or operation of the Phase II Project or any termination of this Lease Agreement as to only one or more Parcels so assigned, all as permitted pursuant to Section 9.1(d) hereunder.

(e) Furthermore, notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event shall have arisen as a result of (i) a “force majeure” event (as more particularly defined in Section 10.1(b) hereof), (ii) a taking or condemnation by governmental authority of all or part of the Facility, or (iii) the inability or failure of the Company

after the Facility shall have been destroyed or damaged in whole or in part (such occurrence a “**Loss Event**”) to rebuild, repair, restore or replace the Phase II Facility to substantially its condition prior to such Loss Event, which inability or failure shall have arisen in good faith on the part of the Company or any of its affiliates so long as the Company or any of its affiliates have diligently and in good faith using commercially reasonable efforts pursued the rebuilding, repair, restoration or replacement of the Phase II Facility or part thereof.

(f) The Company covenants and agrees to furnish the Agency with written notification (i) within sixty (60) days of the end of each Tax Year of the number of FTEs located at the Phase II Facility for such Tax Year, and (ii) within thirty (30) days of actual notice of any facts or circumstances which would likely lead to a Recapture Event or constitute a Recapture Event hereunder. The Agency shall notify the Company of the occurrence of a Recapture Event hereunder, which notification shall set forth the terms of such Recapture Event.

(g) In the event any payment owing by the Company under this Section shall not be paid on demand by the Agency, such payment shall bear interest from the date of such demand at a rate equal to one percent (1%) plus the Prime Rate, but in no event at a rate higher than the maximum lawful prevailing rate, until the Company shall have made such payment in full, together with such accrued interest to the date of payment, to the Agency (except as otherwise specified above).

(h) The Agency shall be entitled to deduct all reasonable out of pocket expenses of the Agency, including without limitation, reasonable legal fees, incurred with the recovery of all amounts due under this Section 5.4, from amounts received by the Agency pursuant to this Section 5.4.

(i) The Company acknowledges that Section 5.4 is intended to reflect the Agency’s “Policy on Maintaining Performance Based Incentives (MPBI)” a copy of which is attached hereto as Exhibit G and made a part hereof. In the event of a conflict between the provisions of Section 5.4 and the provisions set forth on Exhibit G, the provisions set forth on Exhibit G shall control.