

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

(SUFFOLK COUNTY, NEW YORK)

and

SUFFOLK TRANSPORTATION CORP.,
SUFFOLK BUS CORP., and
SUFFOLK TRANSPORTATION SERVICE, INC.

EQUIPMENT LEASE AGREEMENT

Dated as of December 1, 2013

Town of Brookhaven Industrial Development Agency
(Jenna Grace Properties LLC Facility)

THIS EQUIPMENT LEASE AGREEMENT, dated as of December 1, 2013 is between the TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York, having its office at One Independence Hill, Farmingville, New York 11735 (the "Agency"), and SUFFOLK TRANSPORTATION CORP., SUFFOLK BUS CORP., SUFFOLK TRANSPORTATION SERVICE, INC., business corporations duly organized and validly existing under the laws of the State of New York, having an office at 10 Moffitt Boulevard, Bay Shore, New York 11706 (individually and collectively, the "Sublessee").

RECITALS

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

WHEREAS, the aforesaid act authorizes the creation of industrial development agencies for the Public Purposes of the State; and

WHEREAS, the aforesaid act further authorizes each such agency to lease any or all of its facilities at such rentals and on such other terms and conditions as it deems advisable, 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 any or all of its facilities or to create security interests therein and to assign and pledge the revenues and receipts from the leasing or subleasing of its facilities; and

WHEREAS, pursuant to and in accordance with the provisions of the aforesaid act as may have been and may be hereafter amended from time to time, the Agency was created and is empowered under the Act to undertake the leasing and subleasing of the Equipment defined below; and

WHEREAS, the Agency has simultaneously herewith acquired a fee title interest in certain real property located at 1162/1163 Old Town Road (a/k/a 1 Old Middle Country Road), on the southwest sides of Old Town Road and Route 112, and the north side of Old Middle Country Road, Town of Brookhaven, Suffolk County, New York (and further identified as Tax Map Nos. 0200-450-1-10.2) ~~135 Raynor Avenue, approximately 446 feet south of the southeast corner of Baeck Street and Raynor Avenue, in Ronkonkoma, Town of Suffolk County, New York~~ (the "Land") and has or will demolish the existing buildings thereon, and acquire, construct and equip an approximately 20,000 square foot building located on the Land, together with structures and other related facilities (i) attached to the Land, and (ii) not part of the Equipment (the "Improvements") and will acquire and install certain equipment installed or to be installed in, or to be used at, such building and appurtenant structures and facilities (the "Equipment") (which is the subject of this Equipment Lease Agreement); and which Land and Improvements are leased to Jenna Grace Properties LLC, a limited liability company duly authorized and validly existing under the laws of the State of New York (the "Company") pursuant to a Lease Agreement, dated as of December 1, 2013 (the "Lease Agreement"), by and between the Agency and the Company, and subleased to the Sublessees;

WHEREAS, the Agency proposes to lease the Equipment to the Sublessees, and the Sublessees desire to rent the Equipment from the Agency, upon the terms and conditions set forth in this Equipment Lease Agreement.

AGREEMENT

For and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto do hereby mutually agree as follows:

ARTICLE I DEFINITIONS

The words and terms used in this Equipment Lease Agreement and not otherwise defined shall have the meanings ascribed thereto in that certain Lease Agreement, dated as of December 1, 2013 (the "Lease Agreement"), by and between the Agency and the Company, which definitions are incorporated herein and made a part hereof by reference.

ARTICLE II REPRESENTATIONS AND COVENANTS

Section 2.1 Representations and Covenants of Agency. The Agency makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Agency is duly established and validly existing under the provisions of the Act and has full legal right, power and authority to execute, deliver and perform each of the documents to which it is a party (the "Agency Documents") and the other documents contemplated thereby. Each of the Agency Documents and the other documents contemplated thereby have been duly authorized, executed and delivered by the Agency.

(b) The Agency will cause the Equipment to be acquired, leased, subleased and installed and will lease or sublease the Equipment to the Sublessees pursuant to this Equipment Lease Agreement, all for the Public Purposes of the State.

(c) Neither the execution and delivery of any of the Agency Documents and the other documents contemplated thereby or the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions of any of the Agency Documents and the other documents contemplated thereby, will conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of the Act, any other law or ordinance of the State or any political subdivision thereof or of the Agency's Certificate of Establishment or By-laws, as amended, or of any corporate restriction or any agreement or instrument to which the Agency is a party or by which it is bound, or result in the creation or imposition of any Lien of any nature upon any of the Property of the Agency under the terms of the Act or any such law, ordinance, Certificate of Establishment, By-laws, restriction, agreement or instrument.

(d) Each of the Agency Documents and the other documents contemplated thereby constitutes a legal, valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.

(e) The Agency has been induced to enter into this Equipment Lease Agreement by the undertaking of the Sublessees to utilize the Equipment in the Town of Brookhaven, Suffolk County, New York.

Section 2.2 Representations and Covenants of Sublessees. The Sublessees make the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) Each Sublessee is a business corporation duly organized and validly existing under the laws of the State of New York, is in good standing under the laws of the State of New York and has full legal right, power and authority to execute, deliver and perform each of the documents to which it is a part ("Sublessee Documents") and the other documents contemplated thereby. Each of the Sublessee Documents and the other documents contemplated thereby has been duly authorized, executed and delivered by the Sublessees.

(b) Neither the execution and delivery of any of the Sublessee Documents and the other documents contemplated thereby or the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions of any of the Sublessee Documents and the other documents contemplated thereby, will conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of any law or ordinance of the State or any political subdivision thereof or of any of the Sublessees' Certificate of Incorporation or By-Laws, as amended, or any restriction or any agreement or instrument to which any of the Sublessees is a party or by which any of them is bound, or result in the creation or imposition of any Lien of any nature upon any of the Property of any of the Sublessees under the terms of any such law, ordinance, Certificate of Incorporation or By-Laws, as amended, restriction, agreement or instrument.

(c) The Equipment is and will continue to be a "Project" as such term is defined in the Act. The Sublessees will not take any action, or fail to take any action which would cause the Equipment to not constitute a "Project" as such term is defined in the Act.

(d) Each of the Sublessee Documents and the other documents contemplated thereby constitutes a legal, valid and binding obligation of the Sublessees enforceable against each of the Sublessees in accordance with its terms.

(e) The representations and warranties of the Company set forth in the Lease Agreement are true, accurate and complete in all respects.

ARTICLE III CONVEYANCE OF THE EQUIPMENT

Section 3.1 Agreement to Convey to Agency. The Sublessees have conveyed or has caused to be conveyed to the Agency Lien-free title, leasehold interest or subleasehold interest to the Equipment, except for Permitted Encumbrances.

Section 3.2 Public Authorities Law Representations. The parties hereto hereby acknowledge and agree that the Equipment and the interest therein to be conveyed by this Equipment Lease Agreement are not "Property" as defined in Article 9, Title 5-A of the Public Authorities Law of the State because the Equipment and the leasehold interests therein are securing the financial obligations of the Sublessees. The Equipment and the leasehold interests therein secure the Sublessees' obligations to the Agency under the Recapture Agreement, and this Equipment Lease Agreement, including the Sublessees' obligation to acquire, install and maintain the Equipment and on behalf of the Agency and the Sublessees' obligation to indemnify and hold harmless the Agency in accordance with the terms of this Equipment Lease Agreement.

ARTICLE IV ACQUISITION AND INSTALLATION OF THE EQUIPMENT IN THE FACILITY

Section 4.1 Equipping of Facility.

(a) The Sublessees agree that, on behalf of the Agency, they will acquire, install and use the Equipment in or at the Facility.

(b) A valid title or a valid leasehold interest or subleasehold interest in all Equipment incorporated or installed in the Facility shall vest in the Agency immediately upon any of the Sublessee's obtaining an interest in or to the Equipment. The Sublessees shall execute, deliver and record or file all instruments necessary or appropriate to so vest such title or leasehold interest or subleasehold interest in or to the Agency and shall take all action necessary or appropriate to protect such title against claims of any third Persons.

(c) The Agency hereby appoints the Sublessees its true and lawful agents, and the Sublessees hereby accept such agency appointment (i) to purchase, lease, sublease and install the Equipment in or at the Facility, (ii) 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 purchasing, leasing, subleasing and installing the Equipment with the same powers and with the same validity as the Agency could do if acting on its own behalf, (iii) to pay all fees, costs and expenses incurred in the purchasing, leasing, subleasing and installation of the Equipment, and (iv) to ask, demand, sue for, levy, recover and receive all such sums or money, debts, dues and other demands whatsoever which may be due, owing and payable to the Agency under the terms of any contract, order, receipt, or writing in connection with the leasing and installation of the Equipment, and to enforce the provisions of any contract, agreement, obligation, bond or other performance security. This appointment shall expire upon the earliest of (a) November 16, 2014, (b) completion of the initial construction and equipping of the Facility, or (c) the date on which the Company and the Sublessee, collectively, receive in the aggregate exemptions from sales and use taxes on the acquisition, construction and equipping of the Facility, including the acquisition of the Equipment and other fixtures, furniture and equipment to be installed in or used at the Facility, \$300,000.00. This agency appointment expressly excludes the Sublessees from purchasing motor vehicles, including cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles, for use on public highways or streets. Without limiting the generality of the Sublessees' obligations under this Equipment Lease Agreement, the Sublessees shall forever defend, indemnify and hold harmless the Agency, its members, officers, employees and agents, anyone under the direction and control of any of them and anyone for whose acts or omissions the Agency or any of them may be liable, from and

against any and all claims, demands, actions, suits, litigation, proceedings, damages, losses, liabilities, obligations, penalties, fines, defenses, judgments, costs, disbursements or expenses (including reasonable attorneys' and experts' fees, expenses and disbursements, and attorneys fees incurred to enforce the terms, conditions and provisions of this agreement) of whatever kind or nature arising, directly or indirectly, out of, any State or local sales or compensatory use taxes are payable with respect to the acquisition, purchase or rental of machinery or equipment, materials or supplies in connection with the Facility, or are in any manner otherwise payable directly or indirectly in connection with the Facility.

(d) The Sublessees shall cooperate and undertake, and shall cause all other agents, project operators and other persons that shall enjoy, directly or indirectly, the state sales and use tax exemption benefits provided by the Agency, whether pursuant to the immediately preceding paragraph, that certain sales tax exemption letter, dated as of November 16, 2012, between the Agency and the Company and the Sublessees, or otherwise, as a condition precedent to receiving or benefitting from such sales and use exemption benefits, to cooperate, and to undertake in writing satisfactory to the Agency to cooperate, with the Agency in its efforts to recover, recapture, receive, or otherwise obtain such state sales and use exemptions benefits, and shall promptly pay over any such amounts to the Agency that the Agency requests, taken or purported to be taken by any such person to which any of such persons is not entitled or which are in excess of the amounts authorized or which are for property or services not authorized or taken in cases where such persons failed to comply with a material term or condition to use property or services in the manner required by the Agency or applicable law. The provisions of paragraph 3 of Section 875 of the General Municipal Law of the State of New York are hereby incorporated in, and made a part hereof, and the Sublessees shall comply, and shall cause all other agents, project operators and other persons and entities to comply, and to undertake in writing satisfactory to the Agency to comply, with the provisions of such law, and all regulations and directives promulgated thereunder.

(e) The Agency shall enter into, and accept the assignment of, such contracts or leases as the Sublessees may request in order to effectuate the purposes of this Section 4.1.

(f) The Sublessees, as agent for the Agency, shall comply with all provisions of the Labor Law of the State, except as hereinafter noted, applicable to the acquisition and installation of the Equipment in the Facility and shall include in all contracts all provisions which may be required to be inserted therein by such provisions. The provisions of this subsection do not create any obligations or duties not created by applicable law outside of the terms of this Equipment Lease Agreement.

Section 4.2 Certificates of Completion. To establish the Completion Date, the Sublessees shall deliver to the Agency a certificate signed by an Authorized Representative of the Sublessees (i) stating that the acquisition, leasing, subleasing and installation of the Equipment in or at the Facility has been completed; (ii) stating that the payment of all labor, services, materials and supplies used in such acquisition and installation has been made or provided for; and (iii) such certificates as may be satisfactory to the Agency. The Sublessees agree to complete the acquisition, leasing and installation of the Equipment in and at the Facility on or before November 30, 2014.

Section 4.3 Remedies to be Pursued Against Contractors, Subcontractors, Materialmen and their Sureties. In the event of a default by any contractor, subcontractor,

materialman or other Person under any contract made by it in connection with the Equipment or in the event of a breach of warranty or other liability with respect to any materials, workmanship, or performance guaranty, the Sublessees at their expense, either separately or in conjunction with others, may pursue any and all remedies available to it and the Agency, as appropriate, against the contractor, subcontractor, materialman or other Person so in default and against any surety for the performance of such contract. The Sublessees, in their own name or in the name of the Agency, may prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, materialman or surety or other Person which the Sublessees deem reasonably necessary, and in such event the Agency, at the Sublessees' expense, hereby agrees to cooperate fully with the Sublessees and to take all action necessary to effect the substitution of the Sublessees for the Agency in any such action or proceeding.

ARTICLE V DEMISING CLAUSES AND RENTAL PROVISIONS

Section 5.1 Demise of Equipment. The Agency hereby leases and/or subleases, as the case may be, the Equipment as particularly described in Exhibit A attached hereto, to the Sublessees and the Sublessees hereby take the Equipment from the Agency upon the terms and conditions of this Equipment Lease Agreement.

Section 5.2 Duration of Equipment Lease Term; Quiet Enjoyment.

(a) The Agency shall deliver to the Sublessees sole and exclusive possession of the Equipment (subject to Sections 8.3 and 10.2 hereof) and the leasehold interest or a subleasehold interest created hereby shall commence on the Closing Date and the Sublessees shall accept possession of the Equipment on the Closing Date.

(b) Except as provided in Section 10.2 hereof, the leasehold or subleasehold interest created hereby shall terminate at 11:59 p.m. on November 30, 2015, or on such earlier date as may be permitted by Section 11.1 and Article XI hereof (the "Equipment Lease Term").

(c) Except as provided in Sections 8.3 and 10.2 hereof, the Agency shall neither take nor suffer or permit any action to prevent the Sublessees during the Equipment Lease Term from having quiet and peaceable possession and enjoyment of the Equipment and will, at the request of the Sublessees and at the Sublessees' cost, cooperate with the Sublessees in order that the Sublessees may have quiet and peaceable possession and enjoyment of the Equipment as hereinabove provided.

Section 5.3 Rents and Other Amounts Payable.

(a) The Sublessees shall pay basic rent for the Equipment throughout the term of this Equipment Lease Agreement as follows: One Dollar (\$1.00) per year commencing on the Closing Date and continuing on the First Business Day of each and every January thereafter during the term of this Equipment Lease Agreement.

(b) In addition to the payments of basic rent pursuant to Section 5.3(a) hereof, throughout the Equipment Lease Term, the Sublessees shall pay to the Agency as additional rent, within ten (10) days of the receipt of demand therefor, an amount equal to, without duplication, the sum of the expenses of the Agency and the members thereof incurred (i) by reason of the

Agency's ownership, financing, leasing or subleasing of the Equipment or (ii) in connection with the carrying out of the Agency's duties and obligations under the Agency Documents, the payment of which is not otherwise provided for under this Equipment Lease Agreement.

(c) The Sublessees, under the provisions of this Section 5.3, agree to make the above-mentioned payments in immediately available funds and without any further notice in lawful money of the United States of America. In the event the Sublessees shall fail to timely make any payment required in Section 5.3(a) or 5.3(b), the Sublessees shall pay the same together with interest on such payment at a rate equal to two percent (2%) plus the Prime Rate, but in no event at a rate higher than the maximum lawful prevailing rate, from the date on which such payment was due until the date on which such payment is made.

Section 5.4 Obligations of Sublessees Hereunder Unconditional. The obligations of the Sublessees to make the payments required in Section 5.3 hereof, and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be a general obligation of the Sublessees, and shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it may otherwise have against the Agency. The Sublessees agree it will not (i) suspend, discontinue or abate any payment required hereunder, (ii) fail to observe any of its other covenants or agreements in this Equipment Lease Agreement or (iii) terminate this Equipment Lease Agreement for any cause whatsoever unless and until all obligations of the Sublessees to the Agency have been satisfied.

ARTICLE VI MAINTENANCE AND INSURANCE

Section 6.1 Maintenance and Modifications of Equipment by Sublessees.

(a) The Sublessees shall not abandon the Equipment or cause or permit any waste to the Equipment. During the Equipment Lease Term, the Sublessees shall not remove any part of the Equipment outside of the jurisdiction of the Agency except for Equipment released from the provisions of this Equipment Lease Agreement due to damage, destruction or obsolescence and shall (i) keep the Equipment in as reasonably safe condition as its operations shall permit; (ii) make all necessary repairs and replacements to the Equipment (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); and (iii) operate the Equipment in a sound and economic manner.

(b) With the prior written consent of the Agency, which shall not be unreasonably withheld, the Sublessees from time to time may make any additions, modifications or improvements to the Equipment or any part thereof, provided such actions do not adversely affect the structural integrity of the Equipment. All such additions, modifications or improvements made by the Sublessees shall become a part of the Equipment and the Property of the Agency. The Sublessees agree to deliver to the Agency all documents which may be necessary or appropriate to convey to the Agency title to or a leasehold interest in such Equipment.

Section 6.2 [Reserved.]

Section 6.3 [Reserved.]

Section 6.4 Insurance Required. At all times throughout the Equipment Lease Term, the Sublessees shall, at their sole cost and expense, maintain or cause to be maintained insurance with respect to the Equipment against such risks and for such amounts as are customarily insured by businesses of like size and type and shall pay, as the same become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(a) Insurance against loss or damage by fire, lightning and other casualties customarily insured against, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full replacement value of the Equipment, as determined by a recognized appraiser or insurer selected by the Sublessees.

(b) During the Construction Period, if any (and for at least one year thereafter in the case of Products and Completed Operations as set forth below), the Sublessees shall carry, or cause any general contractor to carry, liability insurance of the type and providing the minimum limits set forth below:

(i) Workers' compensation and employer's liability with limits in accordance with applicable law.

(ii) Commercial general liability providing coverage for:

Premises and Operations
Products and Completed Operations
Owners Protective
Contractors Protective
Contractual Liability
Personal Injury Liability
Broad Form Property Damage
(including completed operations)
Explosion Hazard
Collapse Hazard
Underground Property Damage Hazard

Such insurance shall have a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage).

(iii) Comprehensive auto liability, including all owned if any, non-owned and hired autos, with a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage).

(i) Excess "umbrella" liability providing liability insurance in excess of the coverages in (i), (ii) and (iii) above with a limit of not less than \$5,000,000.

(c) Workers' compensation insurance, disability benefits insurance and each other form of insurance which the Sublessees are required by law to provide, covering loss resulting from injury, sickness, disability or death of employees, of the Sublessees. This coverage shall be in effect from and after the Completion Date or on such earlier date as any employees of the Sublessees, any contractor or subcontractor first occupy the Facility.

(d) Insurance protecting the Agency and the Sublessees against loss or losses from liability imposed by law or assumed in any written contract (including the contractual liability assumed by the Sublessees under Section 8.2 hereof) and arising from personal injury, including bodily injury or death, or damage to the property of others, caused by an accident or occurrence with a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage), comprehensive automobile liability including all owned, non-owned and hired autos with a limit of liability of not less than \$1,000,000 (combined single limit or equivalent for personal injury, including bodily injury or death, and property damage) and with a blanket excess liability coverage in an amount not less than \$5,000,000 combined single limit or equivalent protecting the Agency and the Sublessees against any loss or liability or damage for personal injury, including bodily injury or death, or property damage.

Section 6.5 Additional Provisions Respecting Insurance.

(a) All insurance required by Section 6.4 hereof shall be procured and maintained with financially sound and generally recognized responsible insurance companies selected by the Sublessees and approved by the Agency and authorized to write such insurance in the State. The company issuing the policies required by Section 6.4 (a), (b) and (d) shall be rated "A" or better by A.M. Best Co., Inc. in Best's Key Rating Guide. Such insurance shall be written with such deductibles amounts as shall be acceptable to the Agency. All policies evidencing such insurance shall provide for payment of the losses to the Sublessees and the Agency as their interest may appear, and at least thirty (30) days' written notice of the cancellation or modification thereof to the Agency. The policies maintained hereunder shall contain appropriate waivers of subrogation, shall provide that such coverages shall be primary, irrespective of any other insurance that may be maintained by the Sublessees, the Agency or otherwise, and shall be specific to the Equipment. Each of the policies required by Section 6.4 (a), (b) and (d) shall name the Agency as a named insured.

(b) All such policies of insurance, or a certificate or certificates of the insurers, shall be in form and substance satisfactory to the Agency, and shall be deposited with the Agency on or before the Closing Date; the Sublessees acknowledge that if requested at any time by the Agency, the Sublessees shall deliver the policies, and not merely the certificates, to the Agency. The Sublessees shall deliver to the Agency at least thirty (30) days prior to the expiration of the last such certificate issued pursuant hereto a certificate reciting that there is in full force and effect for the next succeeding twelve (12) month period insurance in the amounts and of the types required by Sections 6.4 and 6.5 hereof. Upon delivery of such certificate, the Sublessees shall also deliver to the Agency proof of payment of the premium earned thereby. Prior to expiration of any such policy, the Sublessees shall furnish to the Agency evidence that the policy has been renewed or replaced or is no longer required by this Equipment Lease Agreement.

(c) The Sublessees shall not violate or permit to be violated any of the conditions or provisions of any insurance policies maintained pursuant to this Equipment Lease Agreement and shall comply with the requirements of any company issuing said insurance in order to maintain said insurance in full force and effect. In the event that any policy shall be canceled for non-compliance by the Sublessees, the Sublessees shall procure forthwith a substitute policy in form and content satisfactory to the Agency.

Section 6.6 Application of Net Proceeds of Insurance. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied as follows: (i) the Net Proceeds of the insurance required by Sections 6.4(a) hereof shall be applied as provided in Section 7.1 hereof and (ii) the Net Proceeds of the insurance required by Sections 6.4(b), (c) and (d) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid and the excess, if any, shall be paid to the Sublessees.

ARTICLE VII DAMAGE OR DESTRUCTION OF THE EQUIPMENT

Section 7.1 Damage or Destruction of the Equipment.

(a) If the Equipment shall be damaged or destroyed (in whole or in part) at any time during the Equipment Lease Term:

(i) the Agency shall have no obligation to replace, repair, rebuild or restore the Equipment; and

(ii) there shall be no abatement or reduction in the amounts payable by the Sublessees under this Equipment Lease Agreement (whether or not the Equipment is replaced, repaired, rebuilt or restored); and

(iii) the Sublessees shall promptly give written notice thereof to the Agency; and

(iv) upon the occurrence of such damage or destruction, the Net Proceeds derived from the insurance shall be paid to the Sublessees; and

(v) if the Equipment is not replaced, repaired, rebuilt or restored, as provided in Section 7.1(b) hereof, this Equipment Lease Agreement shall be terminated and the provisions of Sections 11.2, 11.3 and 11.4 hereof shall apply; and

(vi) the Sublessees shall have the option to terminate this Equipment Lease Agreement pursuant to Section 11.1 hereof or to promptly replace, repair, rebuild or restore the Equipment or the damaged part or component thereof to substantially the same condition and value as an operating entity as existed prior to such damage or destruction, with such changes, alterations and modifications as may be desired by Sublessees, provided that such changes, alterations or modifications to the Equipment do not so change the nature of the Facility that it does not constitute a "Project" as such term is defined in the Act and provided that the Equipment will be subject to no Liens other than Permitted Encumbrances; and

(vii) the Agency shall have the right to terminate this Equipment Lease Agreement pursuant to Section 10.2 hereof if the Sublessees do not promptly replace, repair, rebuild or restore the Equipment or the damaged part or component thereof as described in (vi) above.

(b) All such repair, replacement, rebuilding, restoration or relocation of the Equipment shall be effected with due diligence in a good and workmanlike manner in

compliance with all applicable legal requirements, shall be promptly and fully paid for by the Sublessees in accordance with the terms of the applicable contracts, and shall automatically become a part of the Equipment as if the same were specifically described herein. Any balance of such Net Proceeds remaining after payment of all costs of replacement, repair, rebuilding, restoration or relocation shall be retained by the Sublessees.

(c) The Sublessees shall have the right to settle and adjust all claims under any policies of insurance required by Section 6.4(a) hereof on behalf of the Agency and on its own behalf.

(d) If the Sublessees shall exercise their option to terminate this Equipment Lease Agreement pursuant to Section 11.1 hereof, the Net Proceeds derived from such insurance shall be applied to the payment of the amounts required to be paid by Section 11.2 hereof and any balance remaining thereafter shall be retained by the Sublessees. If an Event of Default hereunder shall have occurred and the Agency shall have exercised its remedies under Section 10.2 hereof, such Net Proceeds shall be applied to the payment of the amounts required to be paid by Section 10.2 and Section 10.4 hereof and any balance remaining thereafter shall be retained by the Sublessees.

ARTICLE VIII SPECIAL COVENANTS

Section 8.1 No Warranty of Condition or Suitability by Agency. THE AGENCY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF, OR TITLE TO, THE EQUIPMENT OR THAT IT IS OR WILL BE SUITABLE FOR THE SUBLESSEES' PURPOSES OR NEEDS.

Section 8.2 Hold Harmless Provisions.

(a) The Sublessees agree that the Agency or any of its members, directors, officers, agents or employees shall not be liable for and agrees to defend, indemnify, release and hold the Agency harmless from and against any and all (i) liability for loss or damage to Property or injury to or death of any and all Persons that may be occasioned by, directly or indirectly, any cause whatsoever pertaining to the Equipment or arising by reason of or in connection with the occupation or the use thereof or the presence of any Person or Property on, in or about the Equipment or (ii) liability arising from or expense incurred by the Agency's acquisition, leasing, subleasing, use and operation of the Equipment, including without limiting the generality of the foregoing, all claims arising from the breach by the Sublessees of any of their covenants contained herein, the exercise by the Sublessees of the authority conferred upon them pursuant to this Equipment Lease Agreement and all causes of action and reasonable attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing, provided that any such losses, damages, liabilities or expenses of the Agency are not incurred or do not result from the gross negligence or intentional or willful wrongdoing of the Agency or any of its members, directors, officers, agents or employees. The foregoing indemnities shall apply notwithstanding the fault or negligence in part of the Agency, or any of its members, directors, officers, agents or employees and irrespective of the breach of a statutory obligation or the application of any rule of comparative or apportioned liability. The foregoing

indemnities are limited only to the extent of any prohibitions imposed by law, and upon the application of any such prohibition by the final judgment or decision of a competent court of law, the remaining provisions of these indemnities shall remain in full force and effect.

(b) Notwithstanding any other provisions of this Equipment Lease Agreement, the obligations of the Sublessees pursuant to this Section 8.2 shall remain in full force and effect after the termination of this Equipment Lease Agreement 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 payment in full or the satisfaction of such claim, cause of action or prosecution relating to the matters herein described and the payment of all expenses and charges incurred by the Agency, or its respective members, directors, officers, agents and employees, relating to the enforcement of the provisions herein specified.

(c) In the event of any claim against the Agency, or its respective members, directors, officers, agents or employees by any employee or contractor of the Sublessees 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 Sublessees hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation, disability benefits or other employee benefit acts.

Section 8.3 Right to Inspect Equipment. The Agency and its duly authorized agents shall have the right at all reasonable times, upon reasonable notice, to inspect the Equipment.

Section 8.4 Sublessees to Maintain Their Existence. The Sublessees agree that during the term of the Equipment Lease Agreement they will maintain their existence, will not dissolve, liquidate or otherwise dispose of substantially all of their assets.

Section 8.5 Qualification in State. The Sublessees throughout the term of the Equipment Lease Agreement shall continue to be duly authorized to do business in the State.

Section 8.6 Agreement to Provide Information. The Sublessees shall, (a) within thirty (30) days after the end of each calendar year of the Equipment Lease Term, provide to the Agency, and certify to the accuracy of, the New York State Quarterly Combined Withholding, Wage Reporting, and Unemployment Insurance Return (currently, Form NYS-45), including the attachments thereto (the Sublessees shall redact employees' social security numbers), for the fourth quarter of such calendar year (if such form shall be superceded or cease to be used, the Agency may designate another form or other method by which to obtain such information reported thereon), together with a detailed analysis satisfactory to the Agency of the full time equivalency employment, and (b) whenever requested by the Agency, provide and certify or cause to be provided and certified, within thirty (30) days after request, such information concerning the Sublessees, their respective finances, the Facility, the Equipment, and other topics necessary in the judgment of the Agency to enable the Agency to make any report required by law (including the Act or the Public Authorities Accountability Act of 2005, as amended from time to time), governmental regulation, the Lease Agreement, this Equipment Lease Agreement, the Agency Compliance and Guaranty Agreement, the PILOT Agreement, the Recapture Agreement, or otherwise, or requested for any other reason desired by the Agency for its business purposes. Without limiting the foregoing, the Sublessees shall file with the New

York State Department of Taxation and Finance an annual statement of the value of all sales and use tax exemptions claimed in connection with the Facility in compliance with Sections 874(8) and (9) of the New York State General Municipal Law; the Sublessees shall submit a copy of such annual statement to the Agency at the time of filing with the Department of Taxation and Finance; and the Sublessees shall provide to the Agency within ten (10) days after request therefore, true, accurate and complete copies of such reports and returns filed by the Sublessees, certified by the chief executive officer of each Sublessee to be true, accurate and complete, as the Agency may request from time to time.

Section 8.7 Books of Record and Account; Financial Statements. The Sublessees at all times agree 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 transactions and events relating to the business and affairs of the Sublessees. The Sublessees shall furnish to the Agency within thirty (30) days of their filing, copies of all reports, if any, filed with the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, relative to each Sublessee.

Section 8.8 Compliance With Orders, Ordinances, Etc.

(a) The Sublessees, throughout the term of the Equipment Lease Agreement, agrees that it will promptly comply, and cause any sublessee or user of the Equipment to comply, with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Equipment or any part thereof or to the acquisition and installation of the Equipment in the Facility, or to any use, manner of use or condition of the Equipment or any part thereof, of all federal, state, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers and companies or associations insuring the premises having jurisdiction of the Equipment or any part thereof, or to the acquisition and installation of the Equipment in the Facility, or to any use, manner of use or condition of the Equipment or any part thereof.

(b) Notwithstanding the provisions of subsection (a) hereof, the Sublessees may in good faith contest the validity or the applicability of any requirement of the nature referred to in such subsection (a) by appropriate legal proceedings conducted in good faith and with due diligence. In such event, the Sublessees may fail to comply with the requirement or requirements so contested during the period of such contest and any appeal therefrom.

(c) Notwithstanding the provisions of this Section 8.8, if, because of a breach or violation of the provisions of subsection (a) hereof (without giving effect to subsection (b) hereof), the Agency, or any of its respective members, directors, officers, agents, or employees, shall be threatened with a fine, liability, expense or imprisonment, then, upon notice from the Agency, the Sublessees shall immediately provide legal protection and/or pay amounts reasonably necessary in the opinion of the Agency, as the case may be, and as the Sublessees' and the Agency's respective members, directors, officers, agents and employees deem sufficient, to the extent permitted by applicable law, to remove the threat of such fine, liability, expense or imprisonment.

Section 8.9 Discharge of Liens and Encumbrances.

(a) The Sublessees, throughout the term of the Equipment Lease Agreement, shall not permit or create or suffer to be permitted or created any Lien, except for Permitted Encumbrances, upon the Equipment or any part thereof by reason of any labor, services or materials rendered or supplied or claimed to be rendered or supplied with respect to the Equipment or any part thereof.

(b) Notwithstanding the provisions of subsection (a) hereof, the Sublessees may in good faith contest any such Lien. In such event, the Sublessees may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Agency shall notify the Sublessees that by nonpayment of any such item or items, the Equipment or any part thereof may be subject to loss or forfeiture, in which event the Sublessees shall promptly secure payment of all such unpaid items by filing a bond, in form and substance satisfactory to the Agency, thereby causing such Lien to be removed or by taking such other actions as may be satisfactory to the Agency to protect its interests. Mechanics' Liens shall be discharged or bonded within thirty (30) days of the filing or perfection thereof.

Section 8.10 Depreciation Deductions and Investment Tax Credit. The parties agree that, as between them, the Sublessees shall be entitled to all depreciation deductions, if any, with respect to any depreciable property comprising a part of the Equipment and to any investment credit with respect to any part of the Equipment.

Section 8.11 Security Agreements. The Agency and the Sublessees agree to grant a security interest in any Equipment financed with the proceeds of a loan to the Lender of such Loan, if the Security Agreement is in form and substance satisfactory to the Agency and if the Security Agreement contains the following provisions:

Section __. No Recourse Against Agency. The general credit of the Agency is not obligated or available for the payment of the Loan or any amount due and owing under the Loan or the Security Agreement. The Lender will not look to the Agency or any principal, member, director, officer or employee of the Agency with respect to the indebtedness evidenced by this Security Agreement or the Loan Documentation or any covenant, stipulation, promise, agreement or obligation contained herein or therein. In enforcing its rights and remedies under this Security Agreement or the Loan Documentation, the Lender will look solely to the collateral covered by the security interest granted by this Security Agreement and/or the Sublessees for the payment of the indebtedness secured by this Security Agreement or the Loan Documentation and for the performance of the provisions hereof or thereof. The Lender will not seek a deficiency or other money judgment against the Agency or any principal, member, director, officer or employee of the Agency and will not institute any separate action against the Agency by reason of any default that may occur in the performance of any of the terms and conditions of this Security Agreement or the Loan

Documentation. This agreement on the part of the Lender shall not be construed in any way so as to effect or impair the lien of this Security Agreement or the Lender's right to foreclose or collect hereunder as provided by law or construed in any way so as to limit or restrict any of the rights or remedies of the Lender in any foreclosure or collection proceedings or other enforcement of payment of the indebtedness secured hereby out of and from the security given therefor. All covenants, stipulations, promises, agreements and obligations are the Agency's and not of any member, director, officer, employee or agent (except the Sublessee) of the Agency in his or her individual capacity, and no recourse shall be had for the payment of the principal of any debt or interest thereon or for any claim based thereon or hereunder against any member, director, officer, employee or agent (except the Sublessee) of the Agency or any natural person executing this Security Agreement on behalf of the Agency. No covenant contained herein shall be deemed to constitute a debt of the State of New York nor the Town of Brookhaven, New York and neither the State of New York nor the Town of Brookhaven, New York shall be liable on any covenant contained herein, nor shall any obligations hereunder be payable out of any funds of the Agency.

Section _____. Hold Harmless Provisions. (a) The Sublessees agree that the Agency, its directors, members, officers, agents (except the Sublessees) and employees shall not be liable for and agrees to defend, indemnify, release and hold the Agency, its directors, members, officers, agents (except the Sublessees) and employees harmless from and against any and all (i) liability for loss or damage to property or injury to or death of any and all persons that may be occasioned by, directly or indirectly, any cause whatsoever pertaining to the Equipment or arising by reason of or in connection with the use thereof or under this Security Agreement or any of the Loan Documentation, or (ii) liability arising from or expense incurred by the Agency's acquisition, installation, owning, leasing or financing of the Facility, including without limitation the generality of the foregoing, all claims arising from the breach by the Sublessees of any of its covenants contained herein or under any of the Loan Documentation and all causes of action and reasonable attorneys' fees (whether by reason of third party claims or by reason of the enforcement of any provision of the Security Agreement (including, without limitation, this Section)) and any other expenses incurred in defending any claims, suits or actions which may arise as a result of the foregoing, provided that

any such losses, damages, liabilities or expenses of the Agency are not incurred or do not result from the gross negligence or intentional or willful wrongdoing of the Agency or any of its directors, members, officers, agents (except the Sublessees) or employees. The foregoing indemnities shall apply irrespective of the breach of a statutory obligation on the part of the Agency, or any of its members, directors, officers, agents, or employees or the application of any rule of comparative or apportioned liability. The foregoing indemnities are limited only to the extent of any prohibitions imposed by law, and upon the application of such prohibition by the final judgment or decision of a competent court of law, the remaining provisions of these indemnities shall remain in full force and effect.

(b) Notwithstanding any other provisions of this Security Agreement, the obligations of the Sublessees pursuant to this Section ___ shall remain in full force and effect after the termination of this Security Agreement 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 payment in full or the satisfaction of such claim, cause of action or prosecution relating to the matters herein described and the payment of all reasonable expenses and charges incurred by the Agency, or its respective members, directors, officers, agents (except the Sublessee) and employees, relating to the enforcement of the provisions herein specified.

(c) In the event of any claim against the Agency or its members, directors, officers, agents (except the Sublessees) or employees by any employee or contractor of the Sublessees 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 Sublessees hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation, disability benefits or other employee benefit acts.

Section 8.12 Leasing of Equipment. The Agency hereby agrees that the Sublessees may lease any Equipment as agent for the Agency for a term not to exceed seven (7) years pursuant to the term of a lease and the Sublessees may assign their rights under such lease to the Agency and the Agency shall sublease such Equipment to the Sublessees pursuant to the terms of the Equipment Lease, if such lease is in form and substance satisfactory to the Agency and the lease contains the following provisions:

Section ____ . No Recourse Against Agency. The general credit of the Agency is not obligated or available for the payment of this lease. The lessor will not look to the Agency or any principal, member, director, officer or employee of the Agency with respect to the rent, or other obligations evidenced by this lease or any covenant, stipulation, promise, agreement or obligation contained herein. In enforcing its rights and remedies under this lease, the lessor will look solely to the Equipment and/or the Sublessees for the payment of the rent secured by this lease and for the performance of the provisions hereof. The lessor will not seek a deficiency or other money judgment against the Agency or any principal, member, director, officer or employee of the Agency and will not institute any separate action against the Agency by reason of any default that may occur in the performance of any of the terms and conditions of this lease or the documentation executed and delivered in connection with the lease. This agreement on the part of the lessor shall not be construed in any way so as to effect or impair the lien of this lease or the lessor's right to foreclose or collect hereunder as provided by law or construed in any way so as to limit or restrict any of the rights or remedies of the lessor in any foreclosure or collection proceedings or other enforcement of payment of the indebtedness secured hereby out of and from the security given therefor. All covenants, stipulations, promises, agreements and obligations are the Agency's and not of any member, director, officer, employee or agent (except the Sublessee) of the Agency in his or her individual capacity, and no recourse shall be had for the payment of the principal of any rent or interest thereon or for any claim based thereon or hereunder against any member, director, officer, employee or agent (except the Sublessee) of the Agency or any natural person executing this lease on behalf of the Agency. No covenant contained herein shall be deemed to constitute a debt of the State of New York nor the Town of Brookhaven and neither the State of New York nor the Town of Brookhaven shall be liable on any covenant contained herein, nor shall any obligations hereunder be payable out of any funds of the Agency.

Section ____ . Hold Harmless Provisions. (a) The Sublessees agrees that the Agency, its directors, members, officers, agents (except the Sublessee) and employees shall not be liable for and agrees to defend, indemnify, release and hold the Agency, its directors, members, officers, agents (except the Sublessee) and employees harmless from and against any and all (i) liability for loss or damage to property or

injury to or death of any and all persons that may be occasioned by, directly or indirectly, any cause whatsoever pertaining to the Equipment or arising by reason of or in connection with the use thereof or under this lease, or (ii) liability arising from or expense incurred by the Agency's acquisition, installation, owning, leasing, subleasing and financing of the Facility, including without limitation the generality of the foregoing, all claims arising from the breach by the Sublessees of any of its covenants contained herein and all causes of action and reasonable attorneys' fees (whether by reason of third party claims or by reason of the enforcement of any provision of the lease (including, without limitation, this Section)) and any other expenses incurred in defending any claims, suits or actions which may arise as a result of the foregoing, provided that any such losses, damages, liabilities or expenses of the Agency are not incurred or do not result from the gross negligence or intentional or willful wrongdoing of the Agency or any of its directors, members, officers, agents (except the Sublessee) or employees. The foregoing indemnities shall apply irrespective of the breach of a statutory obligation on the part of the Agency, or any of its members, directors, officers, agents, or employees or the application of any rule of comparative or apportioned liability. The foregoing indemnities are limited only to the extent of any prohibitions imposed by law, and upon the application of such prohibition by the final judgment or decision of a competent court of law, the remaining provisions of these indemnities shall remain in full force and effect.

(b) Notwithstanding any other provisions of this lease, the obligations of the Sublessees pursuant to this Section ___ shall remain in full force and effect after the termination of this 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 payment in full or the satisfaction of such claim, cause of action or prosecution relating to the matters herein described and the payment of all reasonable expenses and charges incurred by the Agency, or its respective members, directors, officers, agents (except the Sublessee) and employees, relating to the enforcement of the provisions herein specified.

(c) In the event of any claim against the Agency or its members, directors, officers, agents (except the Sublessee) or employees by any employee or contractor of the Sublessees 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 Sublessees hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation, disability benefits or other employee benefit acts.

ARTICLE IX
RELEASE OF CERTAIN EQUIPMENT; ASSIGNMENTS AND SUBLEASING;
SECURITY INTEREST AND PLEDGE OF INTERESTS

Section 9.1 Restriction on Sale of Equipment; Release of Certain Equipment.

(a) Except as otherwise specifically provided in this Article IX and in Article X hereof, the Agency shall not sell, convey, transfer, encumber or otherwise dispose of the Equipment or any part thereof or any of its rights under this Equipment Lease Agreement, except at the request of the Sublessees in the ordinary course of the Sublessees' businesses.

(b) The Agency and the Sublessees from time to time shall release from the provisions of this Equipment Lease Agreement and the leasehold or subleasehold estate created hereby any part of, or interest in, the Equipment which is not necessary, desirable or useful for the Facility. In such event, the Agency, at the Sublessees' sole cost and expense, shall execute and deliver, any and all instruments necessary or appropriate to so release such part of, or interest in, the Equipment.

Section 9.2 Removal of Equipment.

(a) The Agency shall not be under any obligation to remove, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary item of Equipment. In any instance where the Sublessees determine that any item of Equipment has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Sublessees may remove such items from the Facility and may sell, trade-in, exchange or otherwise dispose of the same, as a whole or in part, provided that such removal will not materially impair the operation of the remaining Equipment or the Facility for the purpose for which it is intended or change the nature of the remaining Equipment or the Facility so that it does not constitute a "Project" under the Act.

(b) The Agency shall execute and deliver to the Sublessees all instruments necessary or appropriate to enable the Sublessees to sell or otherwise dispose of any such item of Equipment. The Sublessees shall pay any costs (including reasonable counsel fees) incurred in transferring title to any item of Equipment removed pursuant to this Section 9.2.

Section 9.3 Assignment and Subleasing.

(a) This Equipment Lease Agreement may not be assigned, in whole or in part, and the Equipment may not be subleased, in whole or in part, without the prior written consent of the Agency in each instance. Any assignment or sublease shall be on the following conditions:

(i) no assignment or sublease shall relieve the Sublessees from primary liability for any of their obligations hereunder;

(ii) the assignee or sublessee shall assume the obligations of the Sublessees hereunder to the extent of the interest assigned or subleased;

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

(iv) neither the validity nor the enforceability of this Equipment Lease Agreement shall be adversely affected thereby; and

(v) the Equipment shall continue to constitute a "project" as such quoted term is defined in the Act.

(b) The Agency shall execute and deliver to the Sublessees all instruments necessary or appropriate to enable the Sublessees to sell or otherwise dispose of any such item of Equipment. The Sublessees shall pay any costs (including reasonable counsel fees) incurred in transferring title to any item of Equipment removed pursuant to this Section 9.2.

Section 9.4 Merger of Agency.

(a) Nothing contained in this Equipment Lease Agreement shall prevent the consolidation of the Agency with, or merger of the Agency into, or transfer of title to the entire Equipment to any other public benefit corporation or political subdivision of the State of New York which has the legal authority to own and lease the Equipment, provided that upon any such consolidation, merger or transfer, the due and punctual performance and observance of all the agreements and conditions of this Equipment Lease Agreement to be kept and performed by the Agency 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 Equipment shall be transferred.

(b) Within thirty (30) days after the consummation of any such consolidation, merger or transfer of title, the Agency shall give notice thereof in reasonable detail to the Sublessees. The Agency promptly shall furnish such additional information with respect to any such transaction as the Sublessees may reasonably request.

ARTICLE X EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default Defined.

(a) The following shall be "Events of Default" under this Equipment Lease Agreement:

(i) the failure by the Sublessees to pay or cause to be paid on the date due or within the applicable grace period, the amount specified to be paid pursuant to Section 5.3(a) or 5.3(b) hereof;

(ii) the failure by the Sublessees to observe and perform any covenant contained in Sections 6.4, 6.5, 8.4 and 9.3 hereof;

(iii) any representation or warranty of any Sublessees herein or in any of the Sublessee Documents shall prove to have been false or misleading when made in any material respect;

(iv) the failure by the Sublessees to observe and perform any covenant, condition or agreement hereunder on its part to be observed or performed (except obligations referred to in 10.1(a)(i) and (ii)) for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, given to the Sublessees by the Agency;

(v) the dissolution or liquidation of a Sublessee; or the failure by a Sublessee to release, stay, discharge, lift or bond within thirty (30) days any execution, garnishment, judgment or attachment of such consequence as may impair its ability to carry on its operations; or the failure by a Sublessee generally to pay its debts as they become due; or an assignment by a Sublessee for the benefit of creditors; the commencement by a Sublessee (as the debtor) of a case in bankruptcy or any proceeding under any other insolvency law; or the commencement of a case in bankruptcy or any proceeding under any other insolvency law against a Sublessee (as the debtor) and a court having jurisdiction in the premises enters a decree or order for relief against such Sublessee as the debtor in such case or proceeding, or such case or proceeding is consented to by a Sublessee or remains undismitted for forty (40) days, or a Sublessee consents to or admits the material allegations against it in any such case or proceeding; or a trustee, receiver or agent (however named) is appointed or authorized to take charge of substantially all of the property of a Sublessee for the purpose of enforcing a lien against such Property or for the purpose of general administration of such Property for the benefit of creditors (the term "dissolution or liquidation of the Sublessee" as used in this subsection shall not be construed to include any transaction permitted by Section 8.4 hereof);

(vi) a default occurs under the Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Agency Compliance Agreement, or any other agreement to which a Sublessee is a party or by which it is bound in connection with or arising from the Facility;

(b) Notwithstanding the provisions of Section 10.1(a), if by reason of force majeure any party hereto shall be unable in whole or in part to carry out its obligations under Sections 4.1 and 6.1 of this Equipment 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, such obligations under this Equipment Lease Agreement of the party giving such notice (and only such obligations), so far as they are affected by such force majeure, shall be suspended during continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The term "force majeure" as used herein shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, acts, priorities or orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, governmental subdivisions, or officials, any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, shortages of labor or materials or delays of carriers, partial or entire failure of utilities, shortage of energy or any other cause or event not reasonably within the control of the party claiming such inability and not due to its fault. The party claiming such inability shall remove the cause for the same with all reasonable promptness. 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 and other industrial disturbances by acceding to the demands of the opposing party or parties.

Section 10.2 Remedies on Default.

(a) Whenever any Event of Default shall have occurred, the Agency may take, to the extent permitted by law, any one or more of the following remedial steps:

(i) declare, by written notice to the Sublessees, to be immediately due and payable, whereupon the same shall become immediately due and payable: (A) all unpaid installments of rent payable pursuant to Section 5.3(a) and (b) hereof, and (B) all other payments due under this Equipment Lease Agreement;

(ii) take any other action as it shall deem necessary to cure any such Event of Default, provided that the taking of any such actions shall not be deemed to constitute a waiver of such Event of Default;

(iii) terminate this Equipment Lease Agreement and the sales tax letter, and reconvey the Equipment to the Sublessees. The Agency shall have the right to execute an appropriate bill of sale with respect to the Equipment;

(iv) take any other action at law or in equity which may appear necessary or desirable to collect the payments then due or thereafter to become due hereunder, to enforce the obligations, agreements or covenants of the Sublessees under this Equipment Lease Agreement.

(b) [Reserved]

(c) No action taken pursuant to this Section 10.2 shall relieve the Sublessees from their obligation to make all payments required by Section 5.3 hereof.

Section 10.3 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 Equipment 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, as appropriate, 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 in this Equipment Lease Agreement.

Section 10.4 Agreement to Pay Attorneys' Fees and Expenses. In the event a Sublessee should default under any of the provisions of this Equipment Lease Agreement and the Agency should employ 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 Sublessees herein contained, the Sublessees shall, on demand therefor, pay to the Agency the reasonable fees of such attorneys and such other expenses so incurred.

Section 10.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained herein should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.6 Waiver of Trial by Jury, Counterclaim and Right of Redemption. The Sublessees hereby waive any and all rights to (a) to a trial by jury of any dispute or litigation, (b) to assert any counterclaim in any action or proceeding, arising under or in connection with this Lease Agreement (this shall not, however, be construed as a waiver of the Sublessees' right to assert such claims in any separate action or proceeding brought by the Agency's actions or proceedings), and (c) any and all rights of redemption granted by any current or future law.

ARTICLE XI
EARLY TERMINATION OF EQUIPMENT LEASE AGREEMENT;
OPTION IN FAVOR OF SUBLESSEES

Section 11.1 Early Termination of Equipment Lease Agreement. The Sublessees shall have the option to terminate this Equipment Lease Agreement at any time upon filing with the Agency a certificate signed by an Authorized Representative of the Sublessees stating the Sublessees' intention to do so pursuant to this Section and the date upon which such payment shall be made (which date shall not be less than 45 nor more than 90 days from the date such certificate is filed) in compliance with the requirements set forth in Section 11.2 and 11.3 hereof.

Section 11.2 Conditions to Early Termination of Equipment Lease Agreement. In the event the Sublessees exercise their option to terminate this Equipment Lease Agreement in accordance with the provisions of Section 11.1 hereof, the Sublessees shall pay the Agency an amount certified by the Agency as equal to all unpaid fees and expenses of the Agency incurred under the Agency Documents to the date of termination and all unpaid amounts pursuant to the PILOT Agreement, the Recapture Agreement and the Agency Compliance and Guaranty Agreement.

Section 11.3 Obligation to Purchase Equipment. Upon termination or expiration of the Equipment Lease Term, in accordance with Sections 5.2 or 11.1 hereof, the Sublessees shall purchase the Equipment from the Agency for the purchase price of One Dollar (\$1.00). The Sublessees shall purchase the Equipment or take an assignment of any equipment leases by giving written notice to the Agency (which may be contained in the certificate referred to in Section 11.1 hereof) (i) declaring the Sublessees' election to purchase or take an assignment of lease and (ii) fixing the date of closing such purchase, which shall be the date on which this Equipment Lease Agreement is to be terminated.

Section 11.4 Conveyance on Purchase. At the closing of any purchase or assignment of lease of the Equipment pursuant to Section 11.3 hereof, the Agency shall, upon receipt of the purchase price or assignment price, deliver to the Sublessees all necessary documents, without representation or warranty, (i) to convey to the Sublessees title to the Equipment being purchased or leases being assigned, as such Equipment exists, subject only to the following: (A) any Liens to which title to such Equipment was subject when conveyed to the

Agency, (B) any Liens created at the request of a Sublessee, to the creation of which a Sublessee consented or in the creation of which the Sublessee acquiesced, (C) any Permitted Encumbrances and (D) any Liens resulting from the failure of a Sublessee to perform or observe any of the agreements on its part contained in this Equipment Lease Agreement or arising out of an Event of Default hereunder, and (ii) to release and convey to the Sublessees all of the Agency's rights and interest in and to any rights of action or any Net Proceeds of insurance with respect to the Equipment.

ARTICLE XII MISCELLANEOUS

Section 12.1 Notices. All notices, certificates and other communications hereunder shall be in writing and shall be either delivered personally with a receipt obtained, or sent by first class or certified mail, postage prepaid, return receipt requested, or by a reputable overnight carrier, addressed as follows or to such other address as any party may specify in writing to the other:

To the Agency:
Town of Brookhaven Industrial Development Agency
One Independence Hill
Farmingville, New York 11735
Attention: Lisa MG Mulligan, Chief Executive Officer

To the Sublessees:
Suffolk Transportation Corp.
Suffolk Bus Corp.
Suffolk Transportation Service, Inc.
10 Moffitt Boulevard
Bay Shore, New York 11706

Notices shall be deemed given when received, refused or returned by the carrier as undeliverable and all notices may be given by the attorney for a party with the same force as if given by such party.

Section 12.2 Binding Effect. This Equipment Lease Agreement shall inure to the benefit of and shall be binding upon the parties and their respective successors and assigns.

Section 12.3 Severability. In the event any provision of this Equipment Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.4 Amendments, Changes and Modifications. This Equipment Lease Agreement may not be amended, changed, modified, altered or terminated except in a writing executed by the parties hereto.

Section 12.5 Execution of Counterparts. This Equipment 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 12.6 Applicable Law. This Equipment Lease Agreement shall be governed exclusively by the applicable laws of the State without regard or reference to its conflict of laws principles.

Section 12.7 List of Additional Equipment; Further Assurances. Upon the Completion Date with respect to the Equipment and the installation of all of the Equipment in the Facility, the Sublessees shall prepare and deliver to the Agency a schedule listing all of the Equipment not previously described in this Equipment Lease Agreement. If requested by the Agency, the Sublessees shall thereafter furnish to the Agency, within sixty (60) days after the end of each calendar year, a schedule listing all of the Equipment not theretofore previously described herein or in the aforesaid schedule.


Section 12.8 Survival of Obligations. This Equipment Lease Agreement shall survive the performance of the obligations of the Sublessees to make payments required hereunder and all indemnities shall survive the foregoing and any termination or expiration of this Equipment Lease Agreement.

Section 12.9 Joint and Several Liability. Notwithstanding anything to the contrary contained in this Equipment Lease Agreement or elsewhere, or provided by law, each Sublessee: shall be jointly and severally liable for any and all Sublessees' obligations and liabilities arising under or by virtue of this Equipment Lease Agreement; each Sublessee hereby irrevocably and unconditionally appoints and constitutes the others its true and lawful attorney in fact, in its name, place and stead to make, execute, acknowledge and deliver all instruments, to the consent to all things and to otherwise do all things, which it may, can or shall make, execute, acknowledge, deliver, consent to or otherwise do under, by virtue of, or in connection with this Equipment Lease Agreement; this power of attorney shall be deemed irrevocable and coupled with an interest and shall survive the disability, death, incompetency, bankruptcy, merger, dissolution or other termination of the existence of any and all Sublessees or any of them; the agreement, consent, approval, acceptance, waiver, release, modification, amendment or other act or omission of any Sublessee shall be deemed also the act or omission of the other Sublessees without the necessity of a separate act or omission of the others.

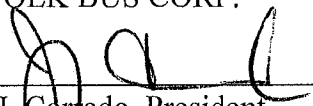
Section 12.10 Table of Contents and Section Headings not Controlling. The Table of Contents and the headings of the several Sections in this Equipment Lease Agreement have been prepared for convenience of reference only and shall not control or affect the meaning of or be taken as an interpretation of any provision of this Equipment Lease Agreement.

IN WITNESS WHEREOF, the Agency and the Sublessees have caused this Equipment Lease Agreement to be executed in their respective names by their duly authorized officers, all as of December 1, 2013.


TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY

By: 
Name: Lisa MG Mulligan
Title: Chief Executive Officer

SUFFOLK BUS CORP.

By: 
John J. Corrado, President

SUFFOLK TRANSPORTATION CORP.

By: 
John J. Corrado, President

SUFFOLK TRANSPORTATION SERVICE, INC.

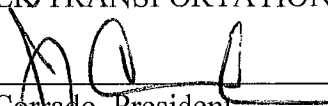
By: 
John J. Corrado, President

EXHIBIT A

Equipment

All equipment, machinery, and items of personal property acquired and installed and/or to be acquired and installed in connection with the Town of Brookhaven Industrial Development Agency's/Jenna Grace Properties LLC Facility located at 1162/3 Old Town Road, Coram, New York and leased by the Town of Brookhaven Industrial Development Agency (the "Agency") to Suffolk Transportation Corp., Suffolk Bus Corp., and Suffolk Transportation Service, Inc. (the "Sublessee") pursuant to the terms of the Equipment Lease Agreement, dated as of December 1, 2013 (the "Equipment Lease Agreement"), including the following items of machinery and equipment listed on Schedule 1 attached hereto.

SCHEDULE 1

JENNA GRACE IDA PROJECT - CORAM FACILITY - Equipment List

VENDOR	EQUIPMENT
Abaco Steel Products	Steel shelving\work benches Steel Shelving Compartment Lockers Worktables Upright Frames
Autoquip Sales Inc	Shop Equipment Mohawk Above Ground Lifts (2) Model TP-16 Ser# B3E104 & B3E105
Aventura Construction Corp	Fuel tanks
Baer's Rug & Linoleum	Flooring 85 sq. yds Milliken carpet tile
The Brake Service Group	Shop equipment Start-All Part# 11-610
ESTI Warehouse Inc	Shop equipment- misc equipment - invoice 316072 - see attached detail
Genfare \ GFI	Wall Safe Single Garage, Single Lane Data System Stationary Vault Serial #47957 Computer Cashbox I.D. Serial #47965/Item # D03974-0004
Just Plumbing Corp.	Plumbing - bus washer Bus Washer Piping
Laser Central Alarms	Alarm System Cameras,LCD Keypads, Motion Detectors, Vista 128BPT
LDI Color Toolbox	Office equipment PC601C DR Scanner
Liotta Bros	Site work Demolition of Facility and Air Monitoring
LMS Technology	Computers\monitors\printers & attachments - per quote 513P-003143 - see attached detail
LT Custom Woodworking Inc	Office equipment 4 Desks for Dispatch, 2 Walls, 1 under window, 1 modesty wall center
Nassau- Suffolk Landscaping	Site work - landscaping Plants, Brick Planters, Boulders, 2x2 Bluestone, Sprinkler
Reddan Surveying Inc	Surveying Restake bldg, Fence and Curb Layout
Solar City	Solar system 210 Yingli #YL235P-29b Modules 3 Fronius #IG PLUS 11.4 Inverters 1 Fronius #IG PLUS 10.0-3 Inverter
Statewide Installations Inc	Shop lifts SM30-EL3 Series,Concrete Pits, Airline System, Air Compressor MCHW418 Portable Lift, Rotary MACH4 Mobile, Rotary FC5781-7 RAMP Underground Exhaust System, Airline System, Oil Receivers
Sterling Sanitary Supply	Shop equipment Tennant T5 Auto Scrubber, Cylindrical Machine Ser# T5-10648110 2 Tennant #9002021 Fast 965 Degraser
Suffolk County Communication Inc	Communication equipment 180 Series Kenwood Radios
Summit Handling Systems Inc	Shop Equipment Forklift Model: 8FGU32 Ser#: 10059
VP Industries	Shop Equipment - Bus washer N/S Bus Wash Equipment (SYS-3000-12-1) Additional Plumbing Lines Under-carriage wash, in ground, one-spray (UCW-200-1) Galvanized Rolling Guide System (RCR-500-30) 10HP Free-standing wash pump system (PMP-010-1) Above ground Clarifier System (AG-CLA-1) Multiple Bay System (MBS-005-1) Tank, 2,000gal Reclam Water (940-10286R-2)

JENNA GRACE IDA PROJECT - CORAM FACILITY - Equipment List

VENDOR	EQUIPMENT
Waldner's Business Inc	Fresh Water Make-up System (FW-MKUP-1) 750 Gal Fresh Water Storage Tank (940-2013-1) Office equipment Lateral File Cabinets 5*(2LF18363F) 2*(2LF18364F)
Young Equipment Sales	Furniture\Equipment Stereo Mixer SCM262, Sound Amp PA601, Toshiba DVD SD-V295 6 in-celling mount speakers, Mics, DIP Projector and mount Barco Plastic Bench 02EG1005, 40 Dorsel Chairs, 20 Stackable chairs Office Star 2300, Chair OTG 11810, Dyson Airblade V (quant: 7) Uniframe Rectangular Table, 16 Levolor Riviera 1/2" Blinds

JENNA GRACE PROPERTIES LLC,
SUFFOLK BUS CORP.,
SUFFOLK TRANSPORTATION CORP.,
and
SUFFOLK TRANSPORTATION SERVICE, INC.

and

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Town of Brookhaven Industrial Development Agency
(Jenna Grace Properties LLC Facility)

Town of Brookhaven, Longwood School District

District	200
Section	450
Block	1
Lot	10.2

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS AGREEMENT, dated as of December 1, 2013, is by and among JENNA GRACE PROPERTIES LLC, a limited liability company, duly organized and validly existing under the laws the State of New York having an office at 10 Moffitt Boulevard, Bay Shore, New York 11706 (the "Company"), Suffolk Bus Corp. ("SBC"), Suffolk Transportation Corp. ("STC"), and Suffolk Transportation Service, Inc. ("STS"), each a New York corporation, duly organized and validly existing under the laws of the State of New York having an office at 10 Moffitt Boulevard, Bay Shore, New York 11706 (SBC, STS and STC may be referred to, individually, as a "Subtenant" and, collectively, as the "Subtenants") and TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY, an industrial development agency and a public benefit corporation of the State of New York having its principal office at 1 Independence Hill, Farmingville, New York 11738 (the "Agency").

W I T N E S S E T H:

WHEREAS, the Agency was created by Chapter 358 of the Laws of 1970 of State of New York, as amended, pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York (collectively, the "Act"); and

WHEREAS, the Agency has agreed to acquire from the Company certain real property (the "Land") more particularly described on Exhibit A attached hereto and made a part hereof, with the improvements thereon, and construct and/or renovate and/or equip thereon certain buildings, structures and improvements (the "Improvements") in connection with a certain industrial development facility (the "Facility") more particularly described in the Lease Agreement, dated as of December 1, 2013 (the "Lease Agreement"), by and between the Agency and the Company; and

WHEREAS, the Company is expected to transfer title to the Land and Improvements to the Agency or will cause title to the Land and the Improvements to be transferred to the Agency, pursuant to a Deed, dated December 12, 2013 (the "Deed"); and

WHEREAS, the Agency has agreed to lease the Facility to the Company pursuant to the Lease Agreement, such that title will remain in the Agency throughout the Lease Term (as such term is defined in the Lease Agreement); and

WHEREAS, the Company has agreed to sublease the Facility to the Subtenants, and the Subtenants desire to rent the Facility from the Company, upon the terms and conditions set forth in the Sublease Agreement, dated as of January 1, 2013 (the "Sublease Agreement"), by and between the Company, as sublessor, and the Subtenant, as sublessee; and

WHEREAS, the Agency, the Company and the Subtenants have entered into a Recapture Agreement, dated as of December 1, 2013 (the "Recapture Agreement"), pursuant to which the Agency has the right to recapture certain economic benefits and assistance granted to the

Company and the Subtenants upon the terms and conditions set forth in the Recapture Agreement; and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from payment of taxes and assessments imposed upon real property owned by it, other than special ad valorem levies, special assessments and service charges against real property located in the Town of Brookhaven (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located) which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Agency, the Company and the Subtenants deem it necessary and proper to enter into an agreement making provision for payments in lieu of taxes and such assessments by the Company and the Subtenants to the Town of Brookhaven, any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be, wholly or partially located, Suffolk County, Longwood School District and appropriate special districts (hereinafter the "Taxing Authorities") in which any part of the Facility is or is to be located;

NOW, THEREFORE, in consideration of the foregoing and in consideration of the covenants herein contained, it is mutually agreed as follows:

1. a. So long as this Agreement is in effect, the Company and the Subtenants, jointly and severally, shall make payments in lieu of all real estate taxes and assessments (in addition to paying all special ad valorem levies, special assessments and service charges against real property located in the Town of Brookhaven (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located) which are or may be imposed for special improvements or special district improvements) which would be levied upon or with respect the Facility if the Facility were owned by the Company and not by the Agency (the "Taxes on the Facility"). The amounts of such payments and the method for such calculation are set forth herein.

b. After the date of this Agreement and until the provisions of paragraph 1(c) become effective, the Company and the Subtenants, jointly and severally, shall pay, as payments in lieu of taxes and assessments one hundred percent (100%) of the taxes and assessments which would be levied upon the Facility by the respective Taxing Authorities without exemption as if the Facility were owned by the Company and not by the Agency.

c. Commencing with the 2014/15 tax year (that is, the period December 1, 2014 through November 30, 2015), the Company and the Subtenants, jointly and severally, shall pay, as payments in lieu of taxes and assessments, the amounts set forth on Exhibit B attached hereto and made a part hereof.

d. The Company and the Subtenants, jointly and severally, shall pay, or cause to be paid, the amounts set forth in paragraph 1(a), (b) and (c) above, as applicable, after receipt of tax (including payments in lieu thereof) bills from the Agency or the Taxing Authorities,

as the case may be. Failure to receive a tax bill shall not relieve any of the Company or the Subtenants of its obligations to make all payments provided for hereunder. If, for any reason, the Company or the Subtenants do not receive an appropriate tax bill, the Company and the Subtenants shall have the responsibility and obligation to make all reasonable inquiries to the Taxing Authorities and the Agency and to have such a bill issued, and thereafter to make payment of the same no later than the due dates provided therein directly to the Taxing Authorities or the Agency, as directed or provided therein. Payments made after the due date(s) as set forth in the applicable tax bills shall accrue interest (and penalties) at the rates applicable to late payments of taxes for the respective Taxing Authorities and as further provided in the General Municipal Law, including Section 874(5) thereof, which provides for an initial penalty of five percent (5%) of the amount due and an additional penalty of one percent (1%) per month on payments more than one (1) month delinquent.

e. During the term of this Agreement, the Company and the Subtenants shall continue to pay all special ad valorem levies, special assessments, and service charges levied, or would be levied if the Facility were owned by the Company and not the Agency, against the Facility for special improvements or special district improvements.

f. In the event any structural addition shall be made to the building or buildings included in the Facility subsequent to the "Closing Date" (as such term is defined in the Lease Agreement), or any additional building or improvement shall be constructed on the real property described on Exhibit A hereto (such structural additions, buildings and improvements being referred to hereinafter as "Additional Facilities"), other than such improvements as are specifically contemplated by the Lease Agreement (that is, the approximately 20,000 square foot building on the Land and related site improvements and the installation of solar panels as described in the Company's application to the Agency), the Company and the Subtenants, jointly and severally, shall make additional payments in lieu of taxes to the Agency in amounts equal to the product of the then current ad valorem tax rates which would be levied upon or with respect to the Additional Facilities by the Taxing Authorities as if the Additional Facilities were owned by the Company and not the Agency times the assessment or assessments established for that tax year by the Town of Brookhaven. All other provisions of this Agreement shall apply to this obligation for additional payments.

2. In the event that title to the Facility or any part thereof is transferred from the Agency to the Company (or its designee) at such time in reference to any taxable status date as to make it difficult or impossible to place such Facility or part thereof on the tax rolls of Suffolk County, the Town of Brookhaven, Longwood School District, any existing incorporated village or any village which may be incorporated after the date hereof within which the Facility is or may be, wholly or partially, located, or appropriate special districts, as the case may be, by such taxable status date, the Company and the Subtenants, jointly and severally, shall pay at the first time taxes or assessments are due following the taxable status date on which such Facility or part thereof is placed on the tax rolls, an amount equal to the taxes or assessments which would have been levied on such Facility or part thereof had it been on the tax rolls from the time the Agency conveyed title to the Company until the date of the tax rolls following the taxable status date as of which such Facility or part thereof is placed on the tax rolls. There shall be deducted from such amount any amounts previously paid pursuant to this Agreement by the Agency, or the Company or the

Subtenants, to the respective Taxing Authorities relating to any period of time after the date of transfer of title to the Company. The provisions of this paragraph 2 shall survive the termination or expiration of the Lease Agreement.

3. In the event the Facility or any part thereof is declared to be subject to taxation for taxes or assessments by an amendment to the Act, or other legislative change, or by final judgment of a court of competent jurisdiction, the obligations of the Company and the Subtenant hereunder shall, to such extent, be null and void.

4. In the event that the Company and the Subtenants shall enter into a subsequent payment in lieu of taxes agreement or agreements with respect to the Taxes on the Facility directly with any or all Taxing Authorities in the jurisdiction of which the Facility is located, the obligations of the Company and the Subtenants hereunder, which are inconsistent with such future agreement or agreements, shall be superseded and shall, to such extent, be null and void.

5. As long as this Agreement is in effect, (i) the Company shall be deemed to be the owner of the Facility and of the Additional Facilities, for purposes of instituting, and shall have the right to institute, judicial review of an assessment of the real estate with respect to the Facility and of the Additional Facilities pursuant to the provisions of Article 7 of the Real Property Tax Law or any other applicable law, as the same may be amended from time to time; and (ii) the Agency shall request the Assessor of the Town of Brookhaven, or any other assessor having jurisdiction to assess the Facility and Additional Facilities, to take into consideration the value of surrounding properties of like character when assessing the Facility and Additional Facilities. Notwithstanding the foregoing, in the event that the assessment of the real estate with respect to the Facility and the Additional Facilities is reduced as a result of any such judicial review so that such complaining party would be entitled to receive a refund or refunds of taxes paid to the respective Taxing Authorities, if such complaining party were the owner of the Facility and the Additional Facilities, such complaining party shall not be entitled to receive a refund or refunds of the payments in lieu of taxes and assessments paid pursuant to this Agreement nor a credit against or reduction in any payments in lieu of taxes and assessments to be paid to the respective Taxing Authorities pursuant to this Agreement; except, however, if the assessment of the real estate with respect to the Additional Facilities is reduced as result of any such judicial review so that such complaining party would be entitled to receive a refund or refunds of taxes paid to the respective Taxing Authorities if such complaining party were the owner of the Additional Facilities, then, in that event, such complaining party shall be entitled to receive a credit against future payments in lieu of taxes and assessments to be paid pursuant to this PILOT Agreement on account of the Additional Facilities, as and when collected by the Agency or the affected tax jurisdictions as defined in Section 854 of the General Municipal Law, as amended (as the case may be), in an amount equal to any refund that such complaining party would be entitled to receive if such complaining party were the owner of the Additional Facilities; provided, however, that the Agency shall have no obligation to provide a credit against any payments-in-lieu-of taxes or assessments which it has remitted to any of the respecting Taxing Authorities before the date the Agency receives written notice from the complaining party that it seeks a credit. In no event shall the Agency be required to remit to the Company, the Subtenants or any Taxing Authority any moneys otherwise due as a result of a reduction in real property taxes or assessments due to a certiorari review. If the Company or the Subtenants receive a reduction in assessment in the last year of the

Lease Agreement after they have made their final payments in lieu of taxes, the Company and the Subtenants acknowledge that they shall look solely to the Taxing Authorities for repayment or for a credit against the first payment(s) of Taxes on the Facility which will be due after the Facility is returned to the tax rolls. The Company and the Subtenants shall promptly notify the Agency if the Company, the Subtenants, or any other person, shall request a reassessment of the Facility or a reduction in the taxes on the Facility or shall institute any tax certiorari proceedings with respect to the Facility (or Additional Facilities). The Company shall deliver to the Agency copies of all notices, correspondence, claims, actions and/or proceedings brought by or against the Company and/or the Subtenants in connection with any reassessment of the Facility, reduction of taxes with respect to the Facility or tax certiorari proceedings with respect to the Facility.

6. The Company and the Subtenants, in recognition of the benefits provided under this Agreement, including the formula for payments in lieu of taxes set forth in Exhibit B (the "Formula"), and as long as this Agreement is in effect and the Company and the Subtenants have been paying payments under Exhibit A hereof, and for a period of two years after the expiration or termination of this Agreement, the Company and the Subtenants agree that the Company and the Subtenants shall not institute judicial review of an assessment of the real estate with respect to the Facility pursuant to the provisions of Article 7 of the Real Property Tax Law or any other applicable law, as the same may be amended from time to time.

7. The Company and the Subtenants, in recognition of the benefits provided under the terms of this Agreement, including the formula for payments in lieu of taxes set in the Formula), and for as long as the Lease Agreement is in effect, expressly waive any rights they may have for any exemption under Section 485 or 485-b of the Real Property Tax Law or any other exemption under any other law or regulation (except, however, for the exemption provided by Article 18-A of the General Municipal Law) with respect to the Facility. The Company and the Subtenants, however, reserve any such rights with respect to all special ad valorem levies, special assessments and service charges levied against the Facility as referred to in Paragraph 1(e) and Additional Facilities as referred to in Paragraph 1(f) and with respect to the assessment and/or exemption of the Additional Facilities.

8. The Company and the Subtenants acknowledge that the amounts due under this Agreement are in addition to, and not in lieu of, such amounts as may be due and payable by the Company or the Subtenant pursuant to the Recapture Agreement.

9. Except as otherwise provided herein, all notices and other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been given, if delivered by hand with acknowledgement of receipt therefor, on the day of delivery, or if mailed by registered or certified mail, return receipt requested, postage prepaid, on the third business day after mailing, or if sent by recognized national overnight courier for next business day delivery for the account of the sender, on the next business day following the deposit of such notice into the custody of the overnight courier, to the parties at the following addresses (or at such other address for a party as such party may designate in a notice given pursuant to this paragraph):

The Agency:
Town of Brookhaven Industrial Development Agency
1 Independence Hill
Farmingville, New York 11738
Attention: Chief Executive Officer

The Company:
Jenna Grace Properties LLC
10 Moffitt Boulevard
Bay Shore, New York 11706

The Subtenants:
Suffolk Bus Corp.
Suffolk Transportation Corp.
Suffolk Transportation Service, Inc.
10 Moffitt Boulevard
Bay Shore, New York 11706

10. Failure by the Agency in any instance to insist upon the strict performance of any one or more of the obligations of the Company or the Subtenants under this Agreement, or to exercise any election herein contained, shall in no manner be or be deemed to be a waiver by the Agency of any of the Company's or the Subtenants' (or any of them) defaults or breaches hereunder or of any of the rights and remedies of the Agency by reason of such defaults or breaches, or a waiver or relinquishment of any or all of the Company's or the Subtenants' obligations hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing. Further, no payment by the Company or the Subtenants, or receipt by the Agency of a lesser amount than or different manner from the correct amount or manner of payment due hereunder, shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and the Agency may accept any checks or payments as made without prejudice to the right to recover the balance or pursue any other remedy in this Agreement or otherwise provided at law or in equity.

11. This Agreement shall become effective as of the date hereof. All taxes, assessments, special assessments, service charges, special ad valorem levies, or similar tax equivalents due or to become due based upon prior taxable status dates shall be paid by the Company when due. Upon termination of the Lease Agreement and reconveyance of title to the Facility to the Company, this Agreement shall terminate, provided, however, the Agency's rights and remedies accruing prior thereto shall survive such termination.

12. Whenever the Company or the Subtenants fails to comply with any provision of this Agreement, the Agency may, but shall not be obligated to, take whatever action at law or in equity as may appear necessary or desirable to collect the amount then in default or to enforce the performance and observance of the obligations, agreements and covenants of the Company and the Subtenants under this Agreement.

13. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard or reference to New York principles of conflict of laws. Any actions, suits or proceedings arising under or by virtue of this Agreement shall be commenced, prosecuted or maintained by the Company or the Subtenants solely in the State of New York, County of Suffolk, and the Company and the Subtenants consent to the jurisdiction of the courts of said State and of the United States sitting within said County in any action, suit or proceedings commenced, prosecuted or maintained under or in connection with this Agreement. The Company and the Subtenants waive trial by jury in any action or proceeding on any matters whatsoever arising out of, under, or by virtue of the terms of this Agreement.

14. The Company and the Subtenants, jointly and severally, shall indemnify and hold Agency harmless from and against any liability arising from any default by the Company or the Subtenants in performing their respective obligations hereunder or any expense incurred under this Agreement, including any expenses of the Agency, including attorneys' fees.

15. This Agreement may be modified only by written instrument duly executed by the parties hereto.

16. This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors, heirs, distributees and assigns.

17. If any provision of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such provision so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent and the remainder of this Agreement shall be and remain in full force and effect and shall not be invalidated or rendered illegal or unenforceable or otherwise affected by such holding or adjudication.

18. If the Company fails to make any payment when due hereunder, the Agency, in addition to any remedy or right it or any Taxing Authority may have pursuant to this Agreement or applicable law, shall have the rights and remedies provided for in the Lease Agreement.

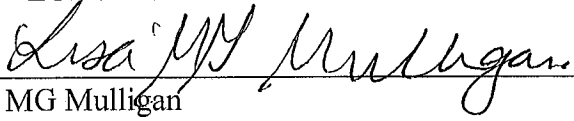
19. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Lease Agreement.

20. As used in this Agreement: the terms "hereby", "hereof", "herein", "hereunder", and any similar terms as used in this Agreement refer to this Agreement as a whole and not to any particular provision; the term "heretofore" shall mean before, and the term "hereafter" shall mean after, the date of this Agreement; the word "shall" is mandatory; the word "will" shall be construed to have the same meaning in effect as the word "shall;" the word "may" is permissive; "or" is used in the inclusive sense of "and/or;" the word "all" shall include "any and all." Singular number includes the plural number and vice versa; "including" (and with correlative meanings such as "include") means including without limiting the generality of any description preceding such term.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of December 1, 2013.

TOWN OF BROOKHAVEN INDUSTRIAL
DEVELOPMENT AGENCY

By: 
Lisa MG Mulligan
Its Chief Executive Officer

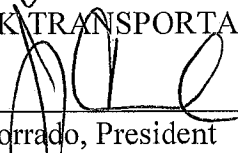
JENNA GRACE PROPERTIES LLC

By: 
John J. Corrado, Managing Member

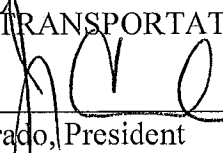
SUFFOLK BUS CORP.

By: 
John J. Corrado, President

SUFFOLK TRANSPORTATION CORP.

By: 
John J. Corrado, President

SUFFOLK TRANSPORTATION SERVICE, INC.

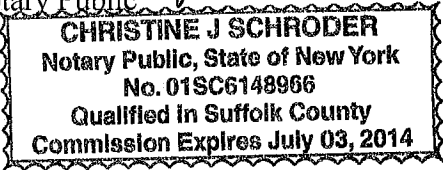
By: 
John J. Corrado, President

STATE OF NEW YORK)
) SS:
COUNTY OF SUFFOLK)

On the 6 th day of December in the year 2013, before me, the undersigned, personally appeared LISA MG MULLIGAN, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Christine J. Schroder

Notary Public



STATE OF NEW YORK)
) SS:
COUNTY OF NASSAU)

On the 12th day of December in the year 2013, before me, the undersigned, personally appeared JOHN J. CORRADO, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Jacqueline Donohue

Notary Public

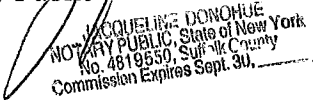


EXHIBIT A

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

BEGINNING at a concrete monument set for a bound in the Northerly line of Old Middle Country Road, which concrete monument is situated 91 feet West at a point where the Northerly line of Old Middle Country Road intersects the westerly line of New York State Route 112, as measured along the Northerly line of Old Middle Country Road;

RUNNING THENCE along the Northerly side of Old Middle Country Road the following courses and distances:

- 1) South 63 degrees 37 minutes 33 seconds West 164 feet (deed) 163.38 feet (actual);
- 2) South 70 degrees 39 minutes 40 seconds West, 246.85 feet;

RUNNING THENCE North 42 degrees 58 minutes 53 seconds West the distance of 307.76 feet;

RUNNING THENCE South 55 degrees 41 minutes 23 seconds West, 59.25 feet;

RUNNING THENCE North 85 degrees 36 minutes 27 seconds West, 18.90 feet;

RUNNING THENCE North 82 degrees 22 minutes 37 seconds West, 51.56 feet;

RUNNING THENCE North 83 degrees 03 minutes 37 seconds West, 131.38 feet;

RUNNING THENCE North 78 degrees 16 minutes 57 seconds West, 70.47 feet;

RUNNING THENCE North 29 degrees 07 minutes 39 seconds East, 470.89 feet (actual) 470.96 (deed) to the southerly side of Old Town Road;

RUNNING THENCE along the Southerly side of Old Town Road the following courses and distances:

- 1) South 57 degrees 55 minutes 57 seconds East 8.22 (actual) 8.20 (deed) feet;
- 2) South 69 degrees 47 minutes 22 seconds East 191.56 feet;
- 3) South 69 degrees 05 minutes 37 seconds East 158.05 feet;
- 4) South 68 degrees 54 minutes 07 seconds East 190.01 feet;
- 5) South 63 degrees 01 minutes 27 seconds East, 82.00 feet;

RUNNING THENCE South 66 degrees 49 minutes 16 seconds West, 69.42 feet;

RUNNING THENCE South 39 degrees 38 minutes 05 seconds East, 264.17 feet to the Northerly side of Old Middle Country Road at the point or place of BEGINNING.

EXHIBIT B

Formula for payments-in-lieu-of-taxes: Town of Brookhaven (including any existing incorporated village and any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located), Longwood School District, Suffolk County and Appropriate Special Districts

Payment Formula

<u>Tax Year</u>	<u>Total PILOT Payments</u>
<u>December 1 - November 30</u>	
2014/2015	\$25,335.58
2015/2016	\$25,842.29
2016/2017	\$26,359.13
2017/2018	\$26,886.32
2018/2019	\$27,424.04
2019/2020	\$27,972.52
2021/2022	\$28,531.97
2022/2023	\$29,102.61
2023/2024	\$29,684.67
2024/2025	\$30,278.36
2025/2026	\$79,354.53
2026/2027	\$80,941.62
2027/2028	\$82,560.45
2028/2029	\$84,211.66
2029/2030	\$85,895.90
2030/2031	\$94,717.64

Thereafter, all taxes and assessments, including special ad valorem levies, special assessments and service charges against real property located in the Town of Brookhaven (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located) which are or may be for special improvements or special district improvements, that the Company would pay without exemption as if the Facility was owned by the Company and not the Agency.