

**HUDSON ART HOUSE, L.P.**

**TO**

**TROY INDUSTRIAL DEVELOPMENT AUTHORITY**

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**LEASE AGREEMENT**

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**Address and Tax Map Numbers:**

621-623 River Street, Troy, New York 12180, being comprised of approximately 1.30 acres of real property including parcel and TMID Nos.:

605-607 River Street (101.22-1-3);  
609 River Street (101.22-1-2);  
611 River Street (101.22-1-1); and  
621-623 River Street (90.78-6-1)

**Benefits:**

**Sales and Use Tax Exemption**  
**Real Property Tax Abatement**  
**Mortgage Recording Tax Exemption**

**Dated as of October 16 , 2014**

**LEASE AGREEMENT**  
**(Company to Authority)**

THIS LEASE AGREEMENT, dated as of the 16<sup>th</sup> day of October, 2014, by and between **HUDSON ART HOUSE, L.P.**, a domestic limited partnership having an address of 305 West Commercial Street, Springfield, Missouri 65803 (the "Company"), and **TROY INDUSTRIAL DEVELOPMENT AUTHORITY**, a public benefit corporation of the State of New York, having its offices at 433 River Street, 5th Floor, Troy, New York 12180 (the "Authority").

W I T N E S S E T H:

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

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

1. Granting Clause. The Company hereby leases to the Authority the Leased Premises, upon the terms and conditions of this Lease Agreement.

2. Leasehold Interest. The Company warrants that it has acquired good and marketable title to the Leased Premises pursuant to certain Warranty Deeds, dated as of the date hereof, and hereby warrants that the Authority is hereby vested with good and marketable leasehold title in the Leased Premises.

3. Term. The term of this Lease Agreement shall be coterminous with the term of the Leaseback Agreement (the "Lease Term").

4. Rent. The Authority agrees that it will pay to the Company, for the use of the Leased Premises, rent of One Dollar (\$1.00) per annum.

5. Taxes. In accordance with the provisions of that certain Payment in Lieu of Tax Agreement, entered into by the Authority and the Company and dated as of the date hereof (the "PILOT Agreement"), the Company agrees to timely pay all (i) Total PILOT Payments (as defined within the PILOT Agreement), and (ii) any taxes to be assessed on, or charges or expenses incurred with respect to, the Leased Premises during the Lease Term.

6. Maintenance and Insurance of Premises. The Company shall maintain and insure the Leased Premises. The Authority shall not be required to maintain the Leased Premises or incur any costs with respect to the Leased Premises. All insurance or condemnation proceeds shall be distributed and governed by the Leaseback Agreement.

7. Lease Expiration. The parties agree that at the expiration of the Lease Term the Authority will surrender the Leased Premises to the Company pursuant to the terms and conditions of this Lease Agreement and the Leaseback Agreement in the then condition of the Leased Premises.

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

9. Subordination of Lease Agreement to Mortgage(s). The Authority agrees that this Lease Agreement shall be subordinate to all mortgages hereafter placed on the Leased Premises with the consent of the Authority and any applicable mortgagee, but that under no circumstances shall the Authority be required to mortgage, grant a security interest in, or assign its rights to receive the rentals and be indemnified under the Leaseback Agreement, including any Unassigned Rights, as defined therein. The foregoing subordination shall include that certain Fee and Leasehold Mortgage, Assignment of Leases and Rents and Security Agreement, dated as of October 16, 2014 (the "Lender Mortgage") from Company and Authority to New York State Housing Finance Agency (the "Lender").

During the term hereof, the Authority will cooperate with the Company in connection with the refinancing of the Lender Mortgage, and upon request of the Company execute and deliver such documents and instruments in furtherance of the refinance of the Lender Mortgage encumbering the Facility and the loan secured thereby, provided such documents and instruments are approved as to form by the Authority and the Authority's counsel, reserve the Authority's Unassigned Rights as defined within the Leaseback Agreement, and include the Authority's required non-recourse language as reflected within the Lender Mortgage.

10. Non-Merger. So long as any leasehold or sub-leasehold mortgage is in existence, unless all mortgagees shall otherwise expressly consent in writing, fee title to the Leased Premises and the leasehold estate of the Authority therein created by this Lease Agreement shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title

and said leasehold estate by Company or by Authority or by a third party, by purchase or otherwise.

11. Notices. All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when delivered and, if delivered by mail, shall be sent by certified mail, postage prepaid, or to a nationally recognized courier such as Federal Express, addressed as follows:

To the Authority: Troy Industrial Development Authority  
433 River Street, 5th Floor  
Troy, New York 12180  
Attn: Chief Executive Officer

With a copy to: Harris Beach PLLC  
677 Broadway, Suite 1101  
Albany, New York 12207  
Attn: Justin S. Miller, Esq.

To the Company: Hudson Art House, L.P.  
C/O Vecino Group New York, LLC  
305 W. Commercial Street  
Springfield, Missouri 65803  
Attn: Richard Manzardo

With a copy to: Geoff Cannon, Esq.  
Cannon, Heyman, & Weiss, LLP  
54 State Street, 5<sup>th</sup> Floor  
Albany, New York 12207

Spencer Fane Britt & Browne LLP  
Attn: Shawn Whitney, Esq.  
3259 East Ridgeview Street  
Springfield, Missouri 65804

With copy to: First Sterling Financial, Inc.  
111 Great Neck Road, Suite 500  
Great Neck, New York 11021  
Attn: Victor Sostar, Senior Vice President

Steven S. Heyman, Esq.  
Cannon Heyman & Weiss, LLP  
54 State Street, 5<sup>th</sup> Floor  
Albany, New York 12207

New York State Housing Finance Agency  
Attn: President, Finance and Development  
& Senior Vice President and Counsel  
641 Lexington Avenue  
New York, New York 10022

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

11. No Recourse; Special Obligation.

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

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

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

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

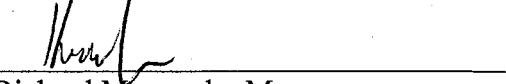
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***[Signature Page for Lease Agreement]***

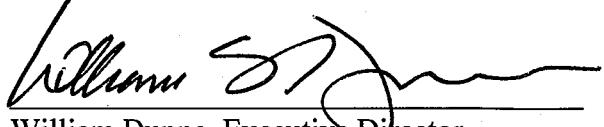
IN WITNESS WHEREOF, the Company and the Authority have caused this Lease Agreement to be executed in their respective names, all as of the date first above written.

HUDSON ART HOUSE, L.P., a New York limited partnership

By: Hudson Art House Management, LLC, a Missouri limited liability company, its General Partner

By:   
Richard Manzardo, Manager

TROY INDUSTRIAL DEVELOPMENT AUTHORITY

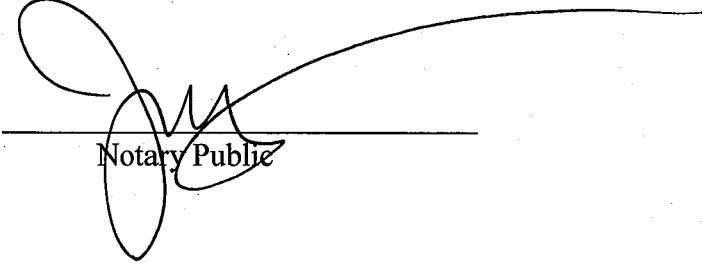
By:   
William Dunne, Executive Director

State of New York

County of Albany

ss.: *John H. Miller*

On the 9 day of October in the year 2014, before me, the undersigned, personally appeared RICHARD MANZARDO, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

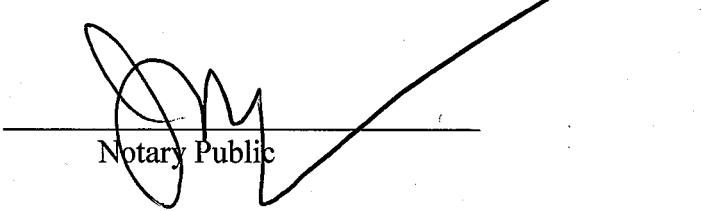
  
Notary Public

State of New York

County of Rensselaer

ss.: *John H. Miller*

On the 10 day of October in the year 2014, before me, the undersigned, personally appeared WILLIAM DUNNE, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

  
Notary Public

JUSTIN S. MILLER  
Notary Public, State of New York  
No. 02MI6020242

Qualified in Albany County  
Commission Expires June 8, 2015

## Schedule A

### Leased Premises

#### LEGAL DESCRIPTION

##### **605-623 RIVER STREET:**

All that certain tract, piece or parcel of land situate in the City of Troy, County of Rensselaer, State of New York, lying along the northwesterly line of River Street and the southerly line of Rensselaer Street and being further bounded and described as follows:

Beginning at the point of intersection of the common division line of the southerly line of Rensselaer Street and the northwesterly line of River Street, thence from said point of beginning, along said northwesterly line, South  $16^{\circ} 46' 30''$  West, 250.00 feet to the point of intersection of said northwesterly line, with the northerly line of River & Jay Holdings LLC as described in Book 5741 of Deeds at Page 130, thence along said northerly line, North  $73^{\circ} 13' 30''$  West, 200.29 feet to a point in the easterly line of The Hudson River, thence northerly along the easterly line of The Hudson River as it winds and turns 241+/- feet to a point in the Pier and Bulkhead Line, said point being the following five (5) tie courses from the last described point: 1.) North  $21^{\circ} 01' 00''$  East, 67.76 feet to a point, thence 2.) North  $13^{\circ} 14' 10''$  East, 48.86 feet to a point, thence 3.) North  $05^{\circ} 16' 00''$  East, 28.25 feet to a point, thence 4.) North  $16^{\circ} 32' 50''$  East, 33.99 feet to a point, thence 5.) North  $12^{\circ} 39' 36''$  East, 62.46 feet to a point in the aforesaid Pier and Bulkhead Line, thence along said Pier and Bulkhead Line, North  $17^{\circ} 30' 30''$  East, 9.69 feet to a point in the southerly line of Rensselaer Street, thence along said southerly line, South  $73^{\circ} 13' 30''$  East, 208.42 feet to the point of beginning and containing 1.16+/- acres of land.

Together with the benefits and subject to the terms and conditions of that certain Non-exclusive Easement Agreement entered into as of October 16, 2014 by and between City of Troy, New York and Hudson Art House, L.P. and to be recorded in the Office of the Clerk of the County of Rensselaer.

All that certain easement situate in the City of Troy, County of Rensselaer, State of New York, lying along the westerly line of River Street and being further bounded and described as follows:

Beginning at the point of intersection of the common division line of the northerly line of lands of Matthews Associates of Troy, Inc. as described in Book 1688 of Deeds at Page 240 and the southerly line of Rensselaer Street, with the westerly line of River Street, thence from said point of beginning, along said common division line, North  $73^{\circ} 13' 30''$  West, 166.00 feet to a point, thence through Rensselaer Street the following four (4) courses: 1.) North  $16^{\circ} 44' 20''$  East, 35.00 feet to a point, thence 2.) South  $73^{\circ} 13' 30''$  East, 18.00 feet to a point, thence 3.) South  $16^{\circ} 44' 20''$  West, 16.50 feet to a point, thence 4.) South  $73^{\circ} 13' 30''$  East, 148.01 feet to a point in the westerly line of River Street, thence along said westerly line, South  $16^{\circ} 46' 30''$  West, 18.50 feet to the point of beginning.