

CLOSING ITEM NO.: A-4

TROY
INDUSTRIAL DEVELOPMENT AUTHORITY

AND

HOOSICK HOTEL DEVELOPMENT GROUP, LLC

LEASE AGREEMENT

DATED AS OF APRIL 1, 2008

THIS LEASE AGREEMENT IS INTENDED TO CONSTITUTE A SECURITY AGREEMENT
UNDER THE UNIFORM COMMERCIAL CODE OF THE STATE OF NEW YORK.

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LEASE AGREEMENT

THIS LEASE AGREEMENT dated as of April 1, 2008 (the "Lease Agreement") by and between the **TROY INDUSTRIAL DEVELOPMENT AUTHORITY**, a public benefit corporation of the State of New York (the "Authority"), having its principal address at City Hall, One Monument Square, Troy, New York 12180 and **HOOSICK HOTEL DEVELOPMENT GROUP, LLC** (the "Company"), a New York limited liability company, with a principal place of business at 302 Washington Avenue Extension, Albany, New York 12203.

WITNESSETH:

WHEREAS, on or around November 16, 2007, Hoosick Hospitality, LLC presented an application (the "Application") to the Authority, which Application requested that the Authority consider undertaking a project (the "Project") consisting of (A) (i) the acquisition of an interest in certain parcels of land located at 225, 227, 229, 237, 239, 241 and 243 Hoosick Street and 2407 Lavin Court, City of Troy, County of Rensselaer, State of New York as more particularly described on Exhibit "A" attached hereto (collectively, the "Land"); (ii) the demolition of five vacant residential structures, and the new construction of an approximately 106,000 square foot, 125 room, seven story, select service hotel with associated retail, restaurant, conference and ancillary space (the "New Facility"), and (c) the acquisition and installation in the New Facility of certain equipment (the "Equipment") (and together, the Land, the New Facility and the Equipment are hereinafter collectively called the "Project" or "Project Facility"), (B) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Authority, and (C) the granting of certain other "financial assistance" (within meaning of Section 1951(11) of the New York Public Authorities Law) with respect to the foregoing, consisting of potential exemptions from certain sales and use taxes, real estate transfer taxes, mortgage recording taxes and real property taxes (collectively, the "Financial Assistance"); and

WHEREAS, with the consent of the Authority, Hoosick Hospitality, LLC assigned its rights to the project to Hoosick Hotel Development Group, LLC (the "Company"); and

WHEREAS, the Authority, by resolutions adopted on January 25, 2008 and April 4, 2008 (the "Resolution"), determined to provide Financial Assistance to the Company in the form of an exemption from New York State sales and use taxes and mortgage recording taxes and real property taxes in connection with the above Project and further resolved to deviate from the Authority's uniform tax exemption policy with respect to the Project; and

WHEREAS, the Authority proposes to undertake the Project, appoint the Company as agent of the Authority to undertake the acquisition, construction and installation of the Project Facility and lease the Project Facility to the Company, and the Company desires to act as agent of the Authority to undertake the acquisition, construction and installation of the Project Facility and lease the Project Facility from the Authority, all pursuant to the terms and conditions hereinafter set forth in this Lease Agreement; and

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

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

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

ARTICLE I

DEFINITIONS

SECTION 1.1. DEFINITIONS. Terms not otherwise defined herein shall have the same meanings as used in Exhibit "C" attached hereto and made a part hereof.

SECTION 1.2. INTERPRETATION. (A) In this Lease Agreement, unless the context otherwise requires:

- (1) the terms "hereby," "hereof," "herein," "hereunder," and any similar terms as used in this Lease Agreement, refer to this Lease Agreement, and the term "heretofore" shall mean before, and the term "hereafter" shall mean after, the date of this Lease Agreement;
- (2) words of masculine gender shall mean and include correlative words of feminine and neuter genders;
- (3) words importing the singular number shall mean and include the plural number, and vice versa;
- (4) any headings preceding the texts of the several Articles and Sections of this Lease Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall neither constitute a part of this Lease Agreement nor affect its meaning, construction or effect; and
- (5) any certificates, letters or opinions required to be given pursuant to this Lease Agreement shall mean a signed document attesting to or acknowledging the

circumstances, representations, opinions of law or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Lease Agreement.

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

(C) This Lease Agreement shall be construed in accordance with the applicable laws of the State.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

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

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

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

(C) The Authority will cause the Project Facility to be acquired, constructed and installed and will lease the Project Facility to the Company pursuant to this Lease Agreement, all for the purpose of advancing the job opportunities, health, general prosperity and economic welfare of the people of the State and improving their standard of living.

(D) Except as provided in Articles IX and X hereof and, as otherwise may be specifically provided herein, or in any amendment hereto, the Authority, to the extent of its interest therein, shall not sell, assign, transfer, encumber or pledge as security the Project Facility or any part thereof and shall not place any Lien on the Project Facility, except as contemplated or allowed by the terms of this Lease Agreement and the other Financing Documents.

(E) The Authority shall cooperate with the Company in the filing by the Company, as agent of the Authority, of such applications, returns and other information with any Governmental Authority as are required by any Applicable Law, provided the Company shall bear all costs of preparing, gathering and filing such applications, returns and other information.

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

(A) The Company is a limited liability company organized under the laws of the State, is duly authorized to do business in the State, has the power to enter into this Lease Agreement and the other Financing Documents to which the Company is a party and carry out its obligations hereunder and thereunder, has been duly authorized to execute this Lease Agreement and the other Financing Documents to which the Company is a party and is qualified to do business in all jurisdictions in which its operations or ownership of properties so require. This Lease Agreement and the other Financing Documents to which the Company is a party and the transactions contemplated hereby and thereby, have been duly authorized by all necessary action on the part of the members of the Company.

(B) Neither the execution and delivery of this Lease Agreement or the other Financing Documents to which the Company is a party, the consummation of the transactions contemplated hereby and thereby nor the fulfillment of or compliance with the provisions of this Lease Agreement or the other Financing Documents to which it is a party will (1) conflict with or result in a breach of any of the terms, conditions or provisions of the articles of organization or operating agreement of the Company or any order, judgment, agreement or instrument to which the Company is a party or by which it is bound, or constitute a default under any of the foregoing, or (2) result in the creation or imposition of any Lien of any nature upon any Property of the Company other than pursuant to the Financing Documents, or (3) require consent under (which has not been heretofore received), conflict with or violate any existing law, rule, regulation, judgment, order, writ, injunction or decree of any government, governmental instrumentality or court (domestic or foreign) having jurisdiction over the Company or any of the Property of the Company.

(C) The completion of the Project Facility by the Authority and the lease thereof by the Authority to the Company will not result in the removal of a facility or plant of the Company or any other proposed occupant of the Project Facility from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project Facility located in the State.

(D) The Financing Documents to which the Company is a party constitute, or upon their execution and delivery in accordance with the terms thereof will constitute valid and legally binding obligations of the Company, enforceable in accordance with their respective terms, except as enforcement of the Financing Documents may be limited by bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally or equitable principles of general applicability.

(E) The Company shall cause all notices as required by law to be given, and shall comply or cause compliance with all Applicable Laws of all Governmental Authorities applying to or affecting the conduct of work on the Project Facility (the applicability of such Applicable Laws to be determined both as if the Authority were the owner of the Project Facility and as if the Company and not the Authority were the owner of the Project Facility), and the Company will defend and save the Authority and its officers, members, agents and employees harmless from all fines and penalties due to failure to comply therewith.

(F) The Project Facility and the operation thereof will comply with all Applicable Laws of Governmental Authorities having jurisdiction over the Project Facility (the applicability of such being determined both as if the Authority were the owner of the Project Facility and as if the Company and not the Authority was the owner of the Project Facility).

(G) The Project will not have a "significant impact on the environment" (within the meaning of such term as used in SEQRA), and the Company hereby covenants to comply with all mitigation measures, requirements and conditions, if any, enumerated in the negative declaration issued by the Authority on November 16, 2007 under SEQRA in connection with the original acquisition, reconstruction, installation and operation of the Project Facility and in any other approvals issued by any other Governmental Authority with respect to the Project Facility. No material changes with respect to any aspect of the Project Facility have arisen from the date of the issuance of such negative declaration which would cause the determinations of the Authority contained therein to be untrue.

(H) The Project Facility is located in a highly distressed area as such term is defined in the Act.

(I) The Financing Documents to which the Company is a party constitute, or upon their execution and delivery in accordance with the terms thereof will constitute valid and legally binding obligations of the Company, enforceable in accordance with their respective terms, except as enforcement of the Financing Documents may be limited by bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally or equitable principles of general applicability.

(J) During the term of this Lease Agreement, the Project is and will continue to be a "project", as such quoted term is defined in the Act, and the Company will not take any action (or omit to take any action required by the Financing Documents or which the Authority, together with Special Counsel, advise the Company in writing should be taken), or allow any action to be taken,

which action (or omission) would in any way (1) cause the Project Facility not to constitute a "project", as such quoted term is defined in the Act, or (2) cause the financial assistance from the Authority to be applied in a manner contrary to that provided in the Financing Documents.

(K) The Company acknowledges receipt of notice of Section 1963 of the Act, which requires that the Company, as agent of the Authority, must annually file a statement with the New York State Department of Taxation and Finance, on a form and in such manner as is prescribed by the Commissioner of Taxation and Finance, of the value of all sales tax exemptions claimed by the Company under the authority granted by the Authority. The Company shall provide a copy of such statement to the Authority, promptly after filing the same with the Department. The Company shall comply with such section, if a sales tax exemption has been provided. Pursuant to Section 1963 of the Act, the penalty for the Company's failure to file such statement shall be removal of its authority to act as Agent of the Authority.

(L) The Company acknowledges that the Company is required to list new employment opportunities created as a result of the Project with the following entities (hereinafter, the "JTPA Entities"): (a) the New York State Department of Labor, Community Services Division; and (b) the administrative entity of the service delivery area created by the federal job training partnership act (P.L. No 97-300) in which the Project Facility is located. The Company agrees, where practicable, to first consider for such new employment opportunities persons eligible to participate in federal job training partnership programs who shall be referred by the JTPA Entities.

(M) The Company has no agreement (either written or oral) to subsequently contract with any municipality for the lease or sale of all or any portion of the Project Facility.

ARTICLE III

CONVEYANCE AND USE OF PROJECT FACILITY

SECTION 3.1. CONVEYANCE TO AUTHORITY. Pursuant to the Underlying Lease the company has or will convey, or will cause to be conveyed, to the Authority a leasehold interest in the Land and all improvements located or to be located thereon. Pursuant to the Bill of Sale to Authority the Company has, or will convey, or will cause to be conveyed, to the Authority title to the Equipment. The Company represents and warrants that the Project Facility is free and clear of all Liens except for Permitted Encumbrances and agrees that it will defend, indemnify and hold the Authority harmless from any expense or liability due to any breach of this representation and warranty.

SECTION 3.2. USE OF PROJECT FACILITY. Subsequent to the Closing Date, the Company shall be entitled to use the Project Facility for a lawful use under the Zoning Ordinance of the City of Troy, but in any event no use shall be a violation of the use restriction contained in the Act. The Company, with the Authority's prior written consent, shall be entitled to use the Project Facility for such different use, provided said use is not otherwise prohibited by the Financing Documents or the Act and, provided such use causes the Project Facility to qualify or continue to qualify as a "project"

under the Act and does not tend, in the reasonable judgment of the Authority, to bring the Project Facility into disrepute as a public project.

SECTION 3.3 HAZARDOUS MATERIALS. (A) The Company represents, warrants and covenants that the Company has not used Hazardous Materials on, from or affecting the Project Facility in any manner which violates any Applicable Law, including but not limited to those governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and to the best of the Company's knowledge, no prior owner of the Project Facility or any tenant, subtenant, prior tenant or prior subtenant has used Hazardous Materials on, from or affecting the Project Facility in any manner which violates any Applicable Law, including but not limited to those governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials.

(B) The Company shall keep or cause the Project Facility to be kept free of all Hazardous Materials. Without limiting the foregoing, the Company shall not cause or permit the Project Facility to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all Applicable Laws, nor shall the Company cause or permit, as a result of any intentional or unintentional act or omission on the part of the Company, or any tenant or subtenant of the Company, an unlawful release of Hazardous Materials onto the Project Facility or onto any other property.

(C) The Company shall comply with, and ensure compliance by all tenants and subtenants of the Company with, all Applicable Laws regarding Hazardous Materials whenever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants and subtenants of the Company obtain and comply with, any and all approvals, registrations or permits required thereunder.

(D) The Company shall (1) conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up, remove or contain all Hazardous Material on, from or affecting the Project Facility (a) in accordance with all Applicable Laws, (b) to the satisfaction of the Authority, and (c) in accordance with the orders and directives of all federal, state and local governmental authorities and (2) defend, indemnify and hold harmless the Authority and its employees, agents, officers and members from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (a) the presence, disposal, release or threatened release of any Hazardous Materials used, transported, stored, manufactured, refined, handled, produced or disposed of on or in the Project Facility which are on, from or affecting soil, water, vegetation, buildings, personal property, persons, animals or otherwise, (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (c) any lawsuit brought or threatened, settlement reach, or any government order relating to such Hazardous Material, and/or (d) any violations of Applicable Laws which are based upon or in any way related to such Hazardous Materials, including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs and litigation

expenses. Costs under this subsection (D) will be repaid immediately with interest at the Default Interest Rate or the maximum permitted by law, whichever is less.

(E) In the event the Project Facility is foreclosed by the Authority, or the Company tenders a deed in lieu of foreclosure, the Company shall deliver the Project Facility to the purchaser free of any and all Hazardous Materials (except Hazardous Materials the presence of which do not violate any Federal, State or local laws, ordinances, rules and regulations governing the use and storage of such materials), so that the condition of the Project Facility shall conform with all Applicable Laws affecting the Project Facility.

(F) The Company agrees that the Authority and its officers, agents or representatives, may at any reasonable time and at the Company's expense inspect the Company's books and records and inspect and conduct any tests on the Project Facility, including taking soil samples in order to determine that the Company is in compliance with all Applicable Laws.

SECTION 3.4. NON-MERGER. During the term of this Lease Agreement, there shall be no merger of this Lease Agreement nor of the leasehold estate created by this Lease Agreement with the fee estate in the Premises or any part thereof by reason of the fact that the same person, firm, corporation or other entity may acquire or own or hold, directly or indirectly, (1) this Lease Agreement or the leasehold estate created by this Lease Agreement or any interest in this Lease Agreement or in any such leasehold estate and (2) the fee estate in the Premises or any part thereof or any interest in such fee estate, and no merger shall occur unless and until all corporations, firms and other entities, including any mortgagee having any interest in (x) this Lease Agreement or the leasehold estate created by this Lease Agreement and (y) the fee estate in the Premises or any part thereof or any interest in such fee estate, shall join in a written instrument effecting such merger and shall duly record same.

SECTION 3.5. COMPLIANCE WITH UNDERLYING LEASE. (A) Notwithstanding the granting of the leasehold interest created by the Underlying Lease in the Premises to the Authority pursuant to the Underlying Lease, the Company agrees, in consideration of the undertakings of the Authority set forth herein, that the Company will be and remain solely liable under the Underlying Lease for the performance of all covenants, agreements, obligations and duties of the Authority as tenant under the Underlying Lease, including but not limited to the making of all rental and other payments thereunder, and the Company will perform all of the covenants, agreements and obligations of the Authority as tenant under the Underlying Lease, at no expense to the Authority, in consideration of the execution and delivery by the Authority of the Financing Documents.

(B) The Company shall, on behalf of the Authority (1) pay all rents, additional rents and other sums required to be paid by the Authority as tenant under and pursuant to the provisions of the Underlying Lease and (2) diligently perform and observe all of the terms, covenants and conditions of the Underlying Lease on the part of the Authority, as tenant thereunder, to be performed and observed, unless such performance or observance shall be waived or not required in writing by the landlord under the Underlying Lease, to the end that all things shall be done which are necessary to keep unimpaired the rights of the Authority, as tenant, under the Underlying Lease.

ARTICLE IV

UNDERTAKING AND COMPLETION OF THE PROJECT

SECTION 4.1. ACQUISITION , CONSTRUCTION AND AND INSTALLATION OF THE PROJECT FACILITY. (A) The Company shall, on behalf of the Authority, promptly acquire, construct and install the Project Facility, or cause the acquisition, construction and installation of the Project Facility, all in accordance with the Plans and Specifications.

(B) No material change to the Plans and Specifications shall be made unless the Authority shall have consented thereto in writing (which consent shall not be unreasonably withheld, conditioned or delayed).

(C) Title to all materials, equipment, machinery and other items of Property presently incorporated or installed in and which are a part of the Project Facility shall vest in the Authority immediately upon execution of the Bill of Sale to Authority. Title to all materials, equipment machinery and other items of Property acquired subsequent to the Closing Date and intended to be incorporated or installed in and to become part of the Project Facility shall vest in the Authority immediately upon deposit on the Land or incorporation or installation in the Project Facility, which ever shall occur first. The Company shall execute, deliver and record or file all instruments necessary or appropriate to vest title to the above in the Authority and shall take all action necessary or appropriate to protect such title against claims of any third Persons.

(D) The Authority shall enter into, and accept the assignment, such contracts as the Company may request in order to effectuate the purposes of this Section 4.1; provided, however, that the liability of the Authority thereunder shall be limited to the moneys of the Company available therefore and advanced by the Company for such purpose pursuant to Section 4.1(H) hereof.

(E) The Authority hereby appoints the Company as its true and lawful agent to perform under the following authority in compliance with the terms, purposes and intent of the Financing Documents, and the Company hereby accepts such Authority, (1) to acquire, construct and install the Project Facility, (2) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other Persons, and in general to do all things which may be requisite or proper, all for the acquisition, construction and installation of the Project Facility, with the same powers and with the same validity as the Authority could do if acting in its own behalf, (3) to pay all fees, costs and expenses incurred in the acquisition, construction and installation of the Project Facility, (4) to ask, demand, sue for, levy, recover and receive all such sums of money, debts, dues and other demands whatsoever which may be due, owing and payable to the Authority under the terms of any contract, order, receipt or writing in connection with the acquisition, construction and installation of the Project Facility and to enforce the provisions of any contract, agreement, obligation, bond or other performance security in connection with the same, and (5) to execute, deliver and perform all leases and other agreements relating to the operation and maintenance of the Project Facility.

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

(G) To the extent required by applicable law, the Company will cause (1) compliance with the requirements of Article 8 of the New York Labor Law, and (2) any contractor, subcontractors and other persons involved in the acquisition, construction and installation of the Project Facility to comply with Article 8 of the New York Labor Law.

(H) The Company agrees, for the benefit of the Authority, to undertake and complete the Project and to pay all such sums as may be required in connection therewith. Title to portions of the Project Facility acquired, constructed and installed at the Company's cost shall immediately upon such acquisition, construction or installation vest in the Authority. The Company shall execute, deliver and record or file such instruments as the Authority may request in order to perfect or protect the Authority's title to such portions of the Project Facility.

(I) No payment by the Company pursuant to this Section 4.1 shall entitle the Company to any reimbursement for any such expenditure from the Authority or to any diminution or abatement of any amounts payable by the Company under this Agreement.

SECTION 4.2. COMPLETION OF PROJECT FACILITY. The Company will proceed with due diligence to complete the acquisition, construction and installation of the Project Facility.

SECTION 4.3. REMEDIES TO BE PURSUED AGAINST CONTRACTORS, SUB-CONTRACTORS, MATERIALMEN AND THEIR SURETIES. In the event of a default by any contractor, subcontractor or materialmen under any contract made by it in connection with any renovation work on the construction of the Project Facility or in the event of a breach of warranty or other liability with respect to any materials, workmanship or performance guaranty, the Company may proceed, either separately or in conjunction with others, to exhaust the remedies of the Company and the Authority against the contractor, subcontractor or materialmen so in default and against each surety for the performance of such contract. The Company may, in its own name or, with the prior written consent of the Authority, in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, materialmen or surety which the Company deems reasonably necessary, and in such event the Authority hereby agrees, at the Company's sole expense, to cooperate fully with the Company and to take all action necessary to effect the substitution of the Company for the Authority in any such action or proceeding. The Company shall advise the Authority of any actions or proceedings taken hereunder.

The Net Proceeds of any recovery secured by the Company as a result of any action pursued against a contractor, subcontractor, materialmen or their sureties pursuant to this Section 4.3 shall be used to the extent necessary to complete the Project Facility.

ARTICLE V

LEASE OF PROJECT FACILITY

SECTION 5.1. LEASE OF PROJECT FACILITY. In consideration of the Company's covenant herein to make the following payments: (a) basic annual lease payment under this Lease Agreement of Ten Dollars (\$10.00) per year, and in consideration of the other covenants of the Company contained herein, including the covenant to make additional rental payments and other payments required hereby, the Authority hereby agrees to lease the Project Facility to the Company, and the Company hereby agrees to lease the Project Facility from the Authority.

SECTION 5.2. LEASE TERM. Except as provided in Sections 10.2 and 11.1 hereof, the leasehold estate created hereby shall terminate on the Lease Termination Date, provided, however, except as provided in Section 10.2 hereof, this Lease shall not terminate until all monies due from the Company to the Authority are paid in full. The Authority shall not take any action, other than pursuant to Article X of this Lease, to prevent the Company during the term of the Lease from having quiet and peaceable possession of the Project or which will otherwise adversely affect the rights or estate of the Company hereunder, except upon the written consent of the Company. So long as no Event of Default has occurred and is continuing, the Authority shall convey its leasehold interest in the Project Facility to the Company on the Lease Termination Date by the execution and delivery of a termination of the Underlying Lease and Bill of Sale to Company.

SECTION 5.3. RENT. The Company shall pay basic rent for the Project Facility as follows: On the date of execution and delivery of this Lease Agreement, the Company shall pay the basic lease payments due hereunder, (1) \$7,500.00 which is a portion of the Authority's administrative fee relating to the Project; and (2) the fees and expenses of general counsel to the Authority relating to the Project. At the Closing Date the Company shall close on the acquisition financing in the original principal amount of \$1,000,000. Upon the closing of the construction financing for the Project Facility the Company shall pay to the Authority in one lump sum payment, the remaining Authority administrative fee due relating to the Project.

SECTION 5.4. ADDITIONAL RENT. In addition to the payments of rent pursuant to Section 5.3, the Company shall pay directly to the Authority as additional rent, within ten (10) days of the receipt of demand therefor, an amount equal to the sum of the reasonable expenses of the Authority and the members thereof (including, without limitation, reasonable attorneys' fees and expenses) incurred (i) by reason of the Authority's ownership, financing or leasing of the Project or (ii) in connection with the carrying out of the Authority's duties provided for under the Lease. The Company, under the provisions of this Section 5.3 and Section 5.4, agrees to make the above-mentioned payments in immediately available funds and without any further notice in lawful money of the United States of America.

SECTION 5.5. NO DEFENSE OR SET-OFF. The obligations of the Company to make rent payments and other payments under this Lease Agreement shall be absolute and unconditional without defense, set-off or counterclaim by reason of any default by any party under the Construction Contracts or by the Authority under this Lease Agreement or any other agreement or for any other reason, including, without limitation, any change in law, failure to complete the Project, any acts or circumstances that may constitute failure of consideration, destruction or condemnation of or damage to the entire or any part of the Project, commercial frustration of purpose or failure of the Authority to perform and observe any agreement, duty, liability or obligation arising out of or in connection with the lease, it being the intention of the Parties that the rent payments required hereunder will be paid in full when due without any delay or diminution whatsoever.

SECTION 5.6. [INTENTIONALLY DELETED].

SECTION 5.7. NATURE OF OBLIGATIONS OF COMPANY HEREUNDER. (A) The obligations of the Company to make the payments required by this Lease Agreement and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be general obligations of the Company and shall be absolute and unconditional irrespective of any defense or any rights of set-off, recoupment or counterclaim the Company may otherwise have against the Authority. The Company agrees it will not suspend, discontinue or abate any payment required by, or fail to observe any of its other covenants or agreements contained in, this Lease Agreement, or terminate this Lease Agreement for any cause whatsoever, including, without limiting the generality of the foregoing, failure to complete the acquisition of the fee interest in the Land, the construction of the Facility or the acquisition and installation of the Equipment, any defect in the title, design, operation, merchantability, fitness or condition of the Project Facility or any part thereof or in the suitability of the Project Facility or any part thereof for the Company's purposes or needs, failure of consideration for, destruction of or damage to, Condemnation of title to or the use of all or any part of the Project Facility, any change in the tax or other laws of the United States of America or of the State or any political subdivision thereof, or any failure of the Authority to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with this Lease Agreement.

(B) Nothing contained in this Section 5.7 shall be construed to release the Authority from the performance of any of the agreements on its part contained in this Lease Agreement, and, in the event the Authority should fail to perform any such agreement, the Company may institute such action against the Authority as the Company may deem necessary to compel performance (subject to the provisions of Section 12.10 hereof) or recover damages for non-performance (subject to Section 12.10 hereof); provided, however, that the Company shall look solely to the Authority's estate and interest in the Project Facility for the satisfaction of any right or remedy of the Company for the collection of a judgment (or other judicial process) requiring the payment of money by the Authority in the event of any liability on the part of the Authority, and no other Property or assets of the Authority or its employees or members shall be subject to levy, execution, attachment or other enforcement procedure for the satisfaction of the Company's remedies under or with respect to this Lease Agreement.

SECTION 5.8. GRANT OF SECURITY INTEREST. The Company hereby grants the Authority, subject to the Financing Documents, a security interest in all of the right, title and interest of the Company in the Project Facility and in all additions and accessions thereto, all replacements and substitutions therefor and all proceeds thereof as security for payment of the lease payments and all other payments and obligations of the Company hereunder. The Company hereby irrevocably appoints the Authority as its attorney-in-fact to execute and deliver and file any instruments necessary or convenient to perfect and continue the security interest granted herein.

SECTION 5.9. [INTENTIONALLY DELETED].

SECTION 5.10. RECONVEYANCE. Upon the Lease Termination Date, and provided no Event of Default has occurred and is continuing hereunder and all sums due and to become due to the Authority pursuant to this Lease Agreement and/or the other Financing Documents have been paid in full, the Authority will upon request of the Company cause either the termination of the Underlying Lease or an assignment of the Underlying Lease to be recorded in the Office of the Rensselaer County Clerk and the Bill of Sale to Company to be delivered to the Company, at the Company's sole cost and expense.

ARTICLE VI

MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE

SECTION 6.1. MAINTENANCE AND MODIFICATIONS OF PROJECT FACILITY. (A) The Company shall (1) keep the Project Facility in good condition and repair and preserve the same against waste, loss, damage and depreciation, ordinary wear and tear excepted, (2) make all necessary repairs and replacements to the Project Facility or any part thereof (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen), and (3) operate the Project Facility in a sound and economic manner, and in compliance with all Applicable Laws.

SECTION 6.2. TAXES, ASSESSMENTS AND UTILITY CHARGES. (A) The Company shall pay or cause to be paid, as the same respectively become due, (1) all taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Project Facility, including, without limitation, all payments required under Section 6.6 hereof, (2) all utility and other charges, including "service charges", incurred or imposed for the operation, maintenance, use, occupancy, upkeep and improvement of the Project Facility, and (3) all assessments and charges of any kind whatsoever lawfully made by any Governmental Authority for public improvements.

(B) Notwithstanding the provisions of subsection (A) of this Section 6.2, the Company may in good faith actively contest any such taxes, assessments and other charges, provided that the Company shall have first paid such taxes.

SECTION 6.3. INSURANCE REQUIRED. The Company shall maintain insurance with respect to the Project Facility against such risks and for such amounts as are customarily insured against by businesses of like size and type, paying, as the same become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(A) Insurance protecting the interests of the Company and the Authority as insureds, against loss or damage to the Project Facility by fire, lightning, vandalism, malicious mischief and other perils normally insured against with a uniform extended coverage endorsement, such insurance at all times to be in an amount not less than the total cash replacement value of the Project Facility as determined at least once every 5 years by a recognized appraiser or insurer selected by the Company and approved by the Authority, which approval shall not be unreasonably withheld or delayed. In addition, the Company may insure all or a portion of the Project Facility under a blanket insurance policy or policies covering not only the Project Facility or portions thereof, but other property.

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

(C) General liability insurance protecting the Company and the Authority against loss or losses from liabilities imposed by law or assumed in any written contract (including, without limitation, the contractual liability assumed by the Company under Sections 8.2 of this Lease Agreement) and arising from personal injury or death or damage to the Property of others caused by any accident or occurrence, with limits of not less than \$1,000,000.00 per person per accident or occurrence on account of personal injury, including death resulting therefrom, and \$500,000.00 per accident or occurrence on account of damage to the property of others; and a separate umbrella policy with a limit of not less than \$3,000,000.00, including coverage for accidents or occurrences on account of personal injury, including death resulting therefrom, and damage to the property of others, excluding liability imposed upon the Company by any applicable workers' compensation law, which insurance policies shall (a) also name the members, officers, agents, employees and servants of the Authority as additional insureds, as their interests shall appear, and (b) also provide contractual liability insurance coverage insuring the Company's obligations pursuant to paragraph 8.2 hereof to indemnify, defend and save harmless the Authority and its members, officers, agents, employees and servants, as their interest shall appear.

(D) If the Project Facility is located within an area identified by the Secretary of Housing and Urban Development as having special flood hazards, the Company will procure insurance, for the benefit of the Authority and the Company, against loss by floods in the maximum amount of coverage made available.

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

SECTION 6.4. ADDITIONAL PROVISIONS RESPECTING INSURANCE. (A) All insurance required by Section 6.3 hereof shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the Company and authorized to write such insurance in the State. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the Company is engaged. All policies evidencing such insurance shall name the Company and the Authority, as insureds, and provide for at least thirty (30) days' written notice to the Company and the Authority prior to cancellation, lapse, reduction in policy limits, or material change in coverage thereof. All insurance required hereunder shall be in form, content and coverage satisfactory to the Authority. Certificates satisfactory in form and substance to the Authority to evidence all insurance required hereby shall be delivered to the Authority on or before the Closing Date. The Company shall deliver to the Authority on or before the first Business Day of each calendar year thereafter a certificate dated not earlier than the immediately preceding May 1st reciting that there is in full force and effect, with a term covering at least the next succeeding calendar year, insurance in the amounts and of the types required by Sections 6.3 and 6.4 hereof. At least thirty (30) days prior to the expiration of any such policy, the Company shall furnish to the Authority evidence that the policy has been renewed or replaced or is no longer required by this Lease Agreement.

(B) All premiums with respect to the insurance required by Section 6.3 hereof shall be paid by the Company; provided, however, that, if the premiums are not timely paid, the Authority may pay such premiums and the Company shall pay immediately upon demand all sums so expended by the Authority, together with interest at a rate of two percent (2%) per month or the highest rate permitted by law, whichever is less.

SECTION 6.5. APPLICATION OF NET PROCEEDS OF INSURANCE. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.3(A) hereof shall be applied in accordance with the terms and conditions of the mortgages between the Company and its lenders from time to time which are placed as a lien on the Project Facility.

SECTION 6.6. PAYMENTS IN LIEU OF TAXES. (A) It is recognized that under the provisions of the Act, the Authority is required to pay no taxes or assessments upon any of the Property acquired by it or under its jurisdiction, control or supervision or upon its activities. It is not the intention, however, of the parties hereto that the Project Facility be treated as exempt from real property taxation. Accordingly, the parties hereto acknowledge that the Payment in Lieu of Tax Agreement is expected to be executed with respect to the Project Facility, and a Real Property Tax Exemption Form (Form 412-a) will be filed by the Authority with respect to the Project Facility once the Payment in Lieu of Tax Agreement is executed by the Authority and the Company. Until the expiration date of the Payment in Lieu of Tax Agreement, the Authority and the Company hereby agree that the Company (or any subsequent user of the Project Facility pursuant to this Lease

Agreement) shall be required to make or cause to be made payments in lieu of real estate taxes in the amount and in the manner set forth in the Payment in Lieu of Tax Agreement.

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

(C) The Company shall pay or caused to be paid to the Taxing Entities when due all such payments in lieu of taxes with respect to the Project Facility required by Section 6.6(B) of this Lease Agreement to be paid to the Taxing Entities, subject in each case to the Company's right to (1) obtain exemptions and credits, if any, which would be afforded to a private owner of the Project Facility, including available exemptions under 485-b of the New York Real Property Tax Law with respect to the Project Facility, (2) contest valuations of the Project Facility made for the purpose of determining such payments therefrom, and (3) seek to obtain a refund of any such payments made.

(D) If the Company shall fail to make or cause to be made any payments in lieu of taxes required under this Section 6.6, the amount or amounts so in default shall continue as an obligation of the Company until fully paid, and the Company hereby agrees to pay or cause to be paid the same, together with a late payment penalty equal to 5% of the amount due. If the Company shall fail to make any payment required by this Section 6.6 when due and such delinquency shall continue

beyond the first month, the Company's obligation to make the payment so in default shall continue as an obligation of the Company to the affected Taxing Entity until such payment in default shall have been made in full, and the Company shall pay the same to the affected Taxing Entity together with (1) a late payment penalty of 1% per month for each month, or part thereof, that the payment due hereunder is delinquent beyond the first month, plus (2) interest thereon, to the extent permitted by law, at the greater of (a) the Default Interest Rate or (b) the same rate per annum which would be payable if such amounts were delinquent taxes, until so paid in full.

(E) The Company and Authority agree that at the closing for the construction financing obtained by the Company for the construction of the Project, the parties shall execute and deliver a payment in lieu of tax agreement reflecting a fixed payment schedule pursuant to the schedule attached hereto as Exhibit "D".

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1. DAMAGE OR DESTRUCTION. (A) If the Project Facility shall be damaged or destroyed, in whole or in part:

(1) the Authority shall have no obligation to replace, repair, rebuild or restore the Project Facility;

(2) there shall be no abatement or reduction in the amounts payable by the Company under this Lease Agreement or the other Financing Documents (whether or not the Project Facility is replaced, repaired, rebuilt or restored);

(3) the Company shall promptly give notice thereof to the Authority; and

(4) except as otherwise provided in subsection (B) of this Section 7.1 or the Mortgages,

(a) the Company shall promptly replace, repair, rebuild or restore the Project Facility 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 the Company, provided that such changes, alterations or modifications do not (i) so change the nature of the Project Facility that it does not constitute a "project", as such quoted term is defined in the Act; and

(b) the Company shall apply to the replacement, repair, rebuilding or restoration of the Project Facility so much as may be necessary of any Net Proceeds from any insurance settlement. In the event such Net Proceeds from any insurance settlement are not sufficient to pay in

full the costs of such replacement, repair, rebuilding or restoration, the Company shall nonetheless complete such work and shall pay from its own monies that portion of the costs thereof in excess of such Net Proceeds.

(B) Notwithstanding anything to the contrary contained in subsection (A) of this Section 7.1 in the event the Company deems the damage to the Project Facility to be so extensive as it is not practical to replace, rebuild or repair, then the Company shall not be obligated to replace, repair, rebuild or restore the Project Facility, and the Net Proceeds of any insurance settlement shall not be applied as provided in subsection (A)(4)(a) of this Section 7.1, if the Company shall notify the Authority in such event, the lesser of (1) the total amount of the Net Proceeds collected under any and all policies of insurance covering the damage to or destruction of the Project Facility, or (2) any sums payable to the Authority pursuant to this Lease Agreement or any of the other Financing Documents, shall be applied to the payment of all such amounts due and owing to the Authority. If the Net Proceeds collected under any and all policies of insurance are less than the amount necessary to pay any and all amounts payable to the Authority, the Company shall pay the difference between such amounts and the Net Proceeds of all insurance settlements so that any and all amounts payable under the Financing Documents to the Authority shall be paid in full.

(C) If all amounts due under this Lease Agreement and the other Financing Documents are paid in full, all such Net Proceeds or the balance thereof shall be paid to the Company for its purposes.

(D) Unless an Event of Default shall have occurred and be continuing, the Company may adjust all claims under any policies of insurance required by Section 6.3(A) and 6.3(D) hereof with the prior written consent of the Authority.

SECTION 7.2. CONDEMNATION. (A) If title to, or the use of, less than substantially all of the Project Facility shall be taken by Condemnation:

- (1) the Authority shall have no obligation to restore the Project Facility;
- (2) there shall be no abatement or reduction in the amounts payable by the Company under this Lease Agreement (whether or not the Project Facility is restored);
- (3) the Company shall promptly give notice thereof to the Authority; and
- (4) except as otherwise provided in subsection (B) of this Section 7.2, and the Mortgages,
 - (a) the Company shall promptly restore the Project Facility (excluding any part of the Land or the Facility taken by Condemnation) to substantially the same condition and value

as an operating entity as existed prior to such Condemnation;
and

- (b) subject to the approval of the Authority, the Company shall apply so much of the Net Proceeds derived from the Condemnation award as may be necessary to pay the costs of the restoration of the Project Facility. In the event such Net Proceeds are not sufficient to pay in full the costs of such restoration, the Company shall nonetheless complete such restoration and shall pay from its own monies that portion of the costs thereof in excess of such Net Proceeds. Any balance of such Net Proceeds remaining after payment of all of the costs of such restoration shall be paid to the Authority.

(B) Notwithstanding anything to the contrary contained in subsection (A) of this Section 7.2, in the event the taking of the Project Facility or any part thereof exceeds the sum of all indebtedness then secured by a Lien on the Project Facility or any part thereof, the Company shall not be obligated to restore the Project Facility, and, the Net Proceeds of any Condemnation award shall not be applied as provided in subsection (A) of this Section 7.2, if the Company shall so notify the Authority. In such event, the lesser of (1) the Net Proceeds of any Condemnation award, or (2) the amount necessary for sums payable to the Authority pursuant to this Lease Agreement and any of the other Financing Documents, shall be applied to payment of all such amounts to the Authority. If the Net Proceeds of any Condemnation award are less than the amount necessary to pay any and all amounts payable to the Authority, the Company shall pay the difference between such amounts and such Net Proceeds so that any and all amounts payable under the Financing Documents to the Authority shall be paid in full.

(C) If title to, or use of, all or substantially all of the Project Facility shall be taken by Condemnation:

(1) neither the Authority nor the Company shall have any obligation to restore the Project Facility;

(2) there shall be no abatement or reduction in the amounts payable by the Company under this Lease Agreement; and

(3) the Net Proceeds of any Condemnation award shall be applied as provided except as otherwise provided in the Mortgages.

(D) If all amounts due under this Lease Agreement and the other Financing Documents have been paid in full, all such Net Proceeds or the balance thereof shall be paid to the Company for its purposes.

(E) the Company shall have sole control of any Condemnation proceeding with respect to the Project Facility or any part thereof and may negotiate the settlement of any such proceeding; however, the Company shall not enter into any settlement of a condemnation proceeding without the prior written consent of the Authority. The Company shall notify the Authority of the institution of any condemnation proceedings and within seven days after inquiry from the Authority inform the Authority, in writing, of the status of such proceeding.

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

ARTICLE VIII

SPECIAL COVENANTS

SECTION 8.1. NO WARRANTY OF CONDITION OR SUITABILITY BY THE AUTHORITY; ACCEPTANCE "AS IS." THE AUTHORITY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE PROJECT FACILITY OR ANY PART THEREOF OR AS TO THE SUITABILITY OF THE PROJECT FACILITY OR ANY PART THEREOF FOR THE COMPANY'S PURPOSES OR NEEDS. THE COMPANY SHALL ACCEPT TITLE TO THE PROJECT FACILITY "AS IS," WITHOUT RECOURSE OF ANY NATURE AGAINST THE AUTHORITY FOR ANY CONDITION NOW OR HEREAFTER EXISTING. NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY IS MADE. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE, WHETHER PATENT OR LATENT, THE AUTHORITY SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO.

SECTION 8.2. HOLD HARMLESS PROVISIONS. (A) The Company hereby releases the Authority and its members, officers, agents and employees from, agrees that the Authority and its members, officers, agents and employees shall not be liable for and agrees to indemnify, defend and hold the Authority and its members, officers, agents and employees harmless from and against any and all claims, causes of action, judgments, liabilities, damages, losses, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) arising as a result of the Authority's undertaking the Project, including, but not limited to, (1) liability for loss or damage to Property or bodily injury to or death of any and all Persons that may be occasioned, directly or indirectly, by any cause whatsoever pertaining to the Project Facility or arising by reason of or in connection with the occupation or the use thereof or the presence of any Person or Property on, in or about the Project Facility, (2) liability arising from or expense incurred by the Authority's financing, acquiring, constructing, reconstructing, equipping, installing, owning, leasing or selling the Project Facility, including, without limiting the generality of the foregoing, any sales or use taxes which may be payable with respect to goods supplied or services rendered with respect to the Project Facility, all liabilities or claims arising as a result of the Authority's obligations under this Lease Agreement or

any of the other Financing Documents or the enforcement of or defense of validity of any provision of any Financing Documents, (3) all claims arising from the exercise by the Company of the authority conferred on it pursuant to Section 4.1(E) hereof, and (4) all causes of action and attorneys' fees and other expenses incurred in connection with any suits or actions which may arise as a result of any of the foregoing; provided that any such claims, causes of action, judgments, liabilities, damages, losses, costs or expenses of the Authority are not incurred or do not result from the intentional wrongdoing of the Authority or any of its members, officers, agents (other than the Company) or employees. The foregoing indemnities shall apply notwithstanding the fault or negligence in part of the Authority or any of its officers, members, agents or employees and notwithstanding the breach of any statutory obligation or any rule or comparative or apportioned liability, except as limited by statute.

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

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

(D) Notwithstanding any other provisions of this Lease Agreement, the obligations of the Company pursuant to this Section 8.2 shall remain in full force and effect after the termination of this 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 the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses, charges and costs incurred by the Authority, or its officers, members, agents or employees, relating thereto.

SECTION 8.3. RIGHT OF ACCESS TO PROJECT FACILITY. The Company agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon and to examine and inspect the Project Facility.

SECTION 8.4. COMPANY NOT TO TERMINATE EXISTENCE; CONDITIONS UNDER WHICH EXCEPTIONS PERMITTED. The Company agrees that it will maintain its existence as a limited liability company, will not dissolve or terminate the Company or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another company, or permit one or more company or entity to consolidate with or merge into it; provided, however, that, if no Event of Default specified in Section 10.1 hereof shall have occurred and be continuing, the Company may consolidate with or merge into another company organized and existing under the laws of one of the states of the United States, or permit one or more such company to consolidate

with or merge into it, or sell or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve, provided (A) that the Authority gives its written consent, which consent shall not be unreasonably withheld, (B) that the surviving, resulting or transferee corporation assumes in writing all of the obligations of and restrictions on the Company under this Lease Agreement and the other Financing Documents, and (C) that as of the date of such transaction, the Authority shall be furnished with a certificate, dated the effective date of such transaction, signed by an Authorized Representative of the Company and of the surviving, resulting or transferee corporation, as the case may be, or the transferee of its assets to the effect that immediately after the consummation of the transaction and after giving effect thereto, no Event of Default exists under this Lease Agreement and no event exists which, with notice or lapse of time or both, would become such an Event of Default.

SECTION 8.5. BOOKS OF RECORD AND ACCOUNT; FINANCIAL STATEMENTS; COMPLIANCE CERTIFICATES. (A) The Company agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all business and affairs of the Company.

(B) Within thirty (30) days after request by the Authority, so long as this Lease Agreement remains in effect, the Company shall furnish to the Authority income and expense statements relating to its operation and management of the Project Facility and profit and loss statements and a balance sheet of the Company for the immediately preceding fiscal year of the Company, all in reasonable detail and prepared in accordance with generally accepted accounting principles consistently applied and certified by an Authorized Representative of the Company, reviewed by an independent certified public accountant acceptable to the Authority and in form and detail satisfactory to the Authority.

(C) The Company shall file all financial statements and provide any and all information required by the Authority to file and complete annual reports and information reports required to be filed by the Authority under the Act. Such information shall be filed by the Company prior to the deadlines established by the Authority in the information request. The Company shall also file with the New York State Department of Taxation and Finance, with a copy to the Authority, the annual statement as prescribed by the commissioner of taxation and finance on or before the end of each calendar year.

SECTION 8.6. COMPLIANCE WITH APPLICABLE LAWS. (A) The Company agrees, for the benefit of the Authority, that it will, during any period in which this Lease Agreement remains in effect, promptly comply with all Applicable Laws of all Governmental Authorities, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Company or the Project Facility or any part thereof, or to any use, manner of use or condition of the Project Facility or any part thereof (the applicability of such Applicable Laws to be determined both as if the Authority were the owner of the Project Facility and as if the Company and not the Authority were the owner of the Project Facility).

(B) Notwithstanding the provisions of subsection (A) of this Section 8.6, the Company may in good faith actively contest the validity or the applicability of any requirement of the nature referred to in such subsection (A), provided that the Company (1) first shall have notified the Authority in writing of such contest, (2) is not in default under any of the Financing Documents, (3) shall have set aside adequate reserves for any such requirement, and (4) demonstrates to the reasonable satisfaction of the Authority that noncompliance with such requirement will not subject the Project Facility or any part thereof to loss or forfeiture. Otherwise, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Authority.

(C) Notwithstanding the provisions of subsection (B) of this Section 8.6, if the Authority or any of its members, officers, agents, servants or employees may be liable for prosecution for failure to comply therewith, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Authority.

SECTION 8.7. DISCHARGE OF LIENS AND ENCUMBRANCES. (A) The Company hereby covenants and agrees not to create or suffer to be created any Lien, except for Permitted Encumbrances, including liens pursuant to the Financing Documents, on the Project Facility.

(B) Notwithstanding the provisions of subsection (A) of this Section 8.7, the Company may in good faith actively contest any such Lien, provided that the Company (1) first shall have notified the Authority in writing of such contest, (2) is not in default under any of the Financing Documents, and (3) such Lien shall be removed promptly by the Company or secured by the Company's posting a bond in form and substance satisfactory to the Authority.

SECTION 8.8. DEPRECIATION DEDUCTIONS AND TAX CREDITS. The parties agree that as between them the Company shall be entitled to all depreciation deductions and accelerated cost recovery system deductions with respect to any portion of the Project Facility pursuant to Sections 167 and 168 of the Code and to any investment credit pursuant to Section 38 of the Code with respect to any portion of the Project Facility which constitutes "Section 38 Property" and to all other state and/or federal income tax deductions and credits which may be available with respect to the Project Facility.

SECTION 8.9. IDENTIFICATION OF EQUIPMENT. All Equipment which is or may become part of the Project Facility pursuant to the provisions of this Lease Agreement shall be properly identified by the Company by such appropriate records, including computerized records, as may be approved by the Authority.

SECTION 8.10. FINANCING AND REFINANCING OF THE PROJECT FACILITY. Over the term of this Lease Agreement, the Authority will cooperate with the Company in connection with any refinancing of the indebtedness encumbering the Project Facility. In connection with any refinancing by the Company of such indebtedness, the Authority will execute and deliver all such documents and/or instruments reasonably required by the Company's lender in connection with such refinancing, provided that such documents or instruments are those to which the Authority is typically a party; and further provided, that such documents or instruments include the Authority's

standard non-recourse/special obligation language that is contained in the Mortgages, and further subject to the approval of the Authority's legal counsel as to form and content. The Authority agrees not to charge an administrative fee for such refinancing, unless such refinancing includes "new money" over the amount of the Loan outstanding at the time of the refinancing. However, in all cases the Company shall pay reasonable out-of-pocket expenses and fees incurred by the Authority in connection with any refinancing of the Loan including, without limitation, reasonable attorney's fees.

ARTICLE IX

ASSIGNMENTS; MERGER OF AUTHORITY

SECTION 9.1. ASSIGNMENT OF LEASE AGREEMENT. The Lease Agreement may be assigned by the Company, in whole or in part, without the prior written consent of the Authority upon not less than ten (10) days notice to the other party

SECTION 9.2 PLEDGE AND ASSIGNMENT OF AUTHORITY'S INTEREST TO LENDER. (A) The Authority has pledged and assigned certain of its rights and interests under and pursuant to this Lease Agreement pursuant to the terms of the Mortgages, to the Lender as security for the payment of principal of, premium, if any, and interest on the Note. Such pledge and assignment shall in no way impair or diminish any obligations of the Authority under this Lease Agreement.

(B) The Company hereby acknowledges receipt of notice of and consents of such pledge and assignment by the Authority to the Lender and specifically agrees to perform for the benefit of the Lender all of its duties and undertakings hereunder (except duties undertaken with respect to the Unassigned Rights).

SECTION 9.3. MERGER OF AUTHORITY. (A) Nothing contained in this Lease Agreement shall prevent the consolidation of the Authority with, or merger of the Authority into, or assignment by the Authority of its rights and interests hereunder to, any other public benefit corporation of the State or political subdivision thereof which has the legal authority to perform the obligations of the Authority hereunder, provided that upon any such consolidation, merger or assignment, the due and punctual performance and observance of all of the agreements and conditions of this Lease Agreement to be kept and performed by the Authority 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 Authority's rights and interests hereunder or under this Lease Agreement shall be assigned.

(B) As of the date of any such consolidation, merger or assignment, the Authority shall give notice thereof in reasonable detail to the Company. The Authority shall promptly furnish to the Company such additional information with respect to any such consolidation, merger or assignment as the Company reasonably may request.

SECTION 9.4. SALE OF PROJECT FACILITY. (A) The Company may sell, transfer, lease, convey or otherwise dispose of the Project Facility without the prior written consent of the Authority,

provided that upon such sale the Project Facility shall remain a "project" pursuant to the terms and definitions of the Act.

SECTION 9.5. ASSIGNMENT OF LEASE AGREEMENT. The Lease Agreement may be assigned by the Company provided that upon such assignment, the Project Facility shall remain a "project" pursuant to the terms and definitions of the Act.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

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

(1) A default by the Company in the due and punctual payment of the amounts specified to be paid pursuant to Sections 5.3 or 5.4 hereof or the PILOT Agreement which shall have continued for a period of ten (10) days written notice thereof.

(2) A default in the performance or observance of any other of the covenants, conditions or agreements on the part of the Company in this Lease Agreement and the continuance thereof for a period of thirty (30) days after written notice is given by the Authority to the Company, or, if such covenant, condition or agreement is capable of cure, but cannot be cured within such thirty (30) day period, the failure of the Company to commence to cure within such thirty (30) day period and to prosecute the same with due diligence. It being agreed that no such extension shall be for a period in excess of ninety (90) days in the aggregate from the date of notice of the default.

(3) The occurrence of an "Event of Default" under the Mortgages or any of the other Financing Documents.

(4) Any representation or warranty made by the Company herein or in any other Financing Document proves to have been materially false or materially untrue at the time it was made.

(5) The Company shall generally not pay its debts as such debts become due or admits its inability to pay its debts as they become due.

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

(7) (a) The filing by the Company (as debtor) of a voluntary petition under Title 11 of the United States Code or any other federal or state bankruptcy statute; (b) the failure by the Company within sixty (60) days to lift any execution, garnishment or attachment of such consequence as will impair the Company's ability to carry out its obligations hereunder; (c) the commencement of a case under Title 11 of the United States Code against the Company as the debtor or commencement under any other federal or state bankruptcy statute of a case, action or proceeding against the Company and continuation of such case, action or proceeding without dismissal for a period of sixty (60) days; (d) the entry of an order for relief by a court of competent jurisdiction under Title 11 of the United States Code or any other federal or state bankruptcy statute with respect to the debts of the Company; or (e) in connection with any insolvency or bankruptcy case, action or proceeding, appointment by final order, judgment or decree of a court of competent jurisdiction of a receiver or trustee of the whole or a substantial portion of the Property of the Company, unless such order, judgment or decree is vacated, dismissed or dissolved within sixty (60) days of such appointment.

(8) Final judgment for the payment of money in excess of \$100,000 shall be rendered against the Company and the Company shall not discharge the same or cause it to be bonded or discharged within sixty (60) days from the entry thereof, or shall not appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment was granted, based or entered and secure a stay of execution pending such appeal.

(9) The imposition of a Lien on the Project Facility other than a Lien being contested as provided in Section 8.7(B) of this Lease Agreement or a Permitted Encumbrance which has not removed of record or bonded within forty-five (45) days after placement of the lien on the Project Facility.

(10) The removal of the Equipment or any portion thereof outside of the City of Troy, New York.

(B) Notwithstanding the provisions of Section 10.1(A)(2) hereof, if by reason of force majeure (as hereinafter defined) either party hereto shall be unable, in whole or in part, to carry out its obligations under this 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 causes relied upon, the obligations under this Lease Agreement of the party giving such notice so far as they are affected by such force majeure, shall be suspended during the continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The suspension of such obligations for such period pursuant to this subsection (B) shall not be deemed an Event of Default under Section 10.1(A)(2). Notwithstanding anything to the contrary in this subsection (B), an event of force majeure shall not excuse, delay or in any way diminish the obligations of the Company to make the payments required by Sections 5.3, 5.4 and 6.6 hereof, to obtain and continue in full force and effect the insurance required by Article VI hereof, to provide the indemnities required by this Lease Agreement including, without limitation, Sections 3.3 and 8.2 hereof and to comply with the provisions of Sections 2.2(E), 2.2(F), 3.3, 4.5, 6.6, 8.2, 8.4, 8.5, 8.7(C)

and 8.9 hereof. The term "force majeure" as used herein shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public, enemies, orders of any kind of government authority or any civil or military authority, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, labor disputes, strikes, explosions, breakage or accident to machinery, transmission pipes or canals, material shortages or supply problems, partial or entire failure of utilities.

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

(1) declare, by written notice to the Company, to be immediately due and payable, whereupon the same shall become immediately due and payable, (a) all unpaid lease payments payable pursuant to Section 5.4 hereof, and (b) all other payments due under this Lease Agreement or any of the other Financing Documents;

(2) re-enter and take possession of the Project Facility, enforce or terminate this Lease Agreement, sell the Project Facility, subject to Permitted Encumbrances, at public or private sale, as a whole or piecemeal, for such consideration as may be deemed appropriate in the circumstances, and hold the Company liable for the amount, if any, by which the aggregate unpaid amounts due hereunder exceed the Net Proceeds received upon such sale, or manage and operate the Project Facility, collect all or any rents accruing there from, let or relet the Project Facility or any part thereof for the Authority's own account or the account of the Company, holding the Company liable for payments due up to the effective date of such leasing and for the difference in the rent and other amounts paid by the lessee pursuant to such lease and the lease payments and other amounts payable by the Company hereunder, cancel or modify leases, evict tenants, bring or defend any suits in connection with the possession of the Project Facility in its own name or in the Company's name, make repairs as the Authority deems appropriate, and perform such other acts in connection with the management and operation of the Project Facility as the Authority, in its discretion, may deem proper;

(3) terminate, effective as of the date of an Event of Default, and reconvey the Authority's interest in the Project Facility to the Company by recording the Underlying Lease to Company, nevertheless, the Company shall remain liable to make all payments and perform and observe all obligations to be made, performed or observed by it pursuant to this Lease Agreement;

(4) terminate, effective as of the date of the occurrence of an Event of Default, the Company's status as agent of the Authority; or

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

(B) No action taken pursuant to this Section 10.2 (including repossession of the Project Facility) shall relieve the Company from its obligations to make all payments required by this Lease Agreement and the other Financing Documents.

SECTION 10.3. REMEDIES CUMULATIVE. No remedy herein conferred upon or reserved to the Authority 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 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 Authority to exercise any remedy reserved to it in this Article X, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 10.4. AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES. In the event the Company should default under any of the provisions of this Lease Agreement, and the Authority 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 Company herein contained, the Company shall, on demand therefor, pay to the Authority the reasonable fees of such attorneys and such other expenses so incurred, whether an action is commenced or not.

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

ARTICLE XI

EARLY TERMINATION OF THE LEASE AGREEMENT

SECTION 11.1 EARLY TERMINATION OF LEASE AGREEMENT. So long as no Event of Default exists, and no event, which with notice or a lapse of time or both, shall become an Event of Default, the Company shall have an option to terminate this Lease Agreement at any time upon filing with the Authority a certificate signed by an Authorized Representative of the Company stating the Company's intention to do so pursuant to this Section 11.1 and upon compliance with the requirements set forth in Section 11.2 hereof. Upon any such termination, the Company or the successor to the Company's interests hereunder, if any, shall take possession of the Project Facility subject to the terms of Section 12.11 hereof.

SECTION 11.2 CONDITIONS PRECEDENT TO EARLY TERMINATION OF LEASE AGREEMENT. In the event the Company exercises its option to terminate this Lease Agreement in accordance with Section 11.1 hereof, the Company shall comply with the requirements set forth in the following three subsections:

(A) The following payments shall be made:

(1) To the Authority: an amount certified by an Authorized Representative of the Authority sufficient to pay all unpaid fees and expenses of the Authority incurred under this Lease Agreement and an amount sufficient to pay all other amounts, if any, due pursuant to this Lease Agreement or any of the other Financing Documents;

(2) To the appropriate Person: an amount sufficient to pay all other fees, expenses or charges, if any, due and payable or to become due and payable under this Lease Agreement, not otherwise paid or provided for.

(B) The Company shall exercise its option to terminate this Lease Agreement in a certificate signed by an Authorized Representative of the Company and specifying an approximate date upon which the payments pursuant to subdivision (A) of this Section 11.2 shall be made.

SECTION 11.3. OBLIGATION TO SELL AND PURCHASE THE PROJECT FACILITY. Contemporaneously with the termination of this Lease Agreement under Section 11.1 hereof, the Authority shall sell and the Company shall purchase all the Authority's right, title and interest in and to the Project Facility for the purchase price of One Dollar (\$1.00) plus payment of all sums due and payable to the Authority, or any other Person pursuant to this Lease Agreement and the other Financing Documents.

SECTION 11.4. CONVEYANCE ON PURCHASE OF THE PROJECT FACILITY. Upon such early termination of this Lease Agreement, pursuant to Section 11.2 hereof, the Authority shall, upon the satisfaction of the conditions set forth in Section 11.1 hereof, as appropriate, deliver to the Company all necessary documents, including (A) the Underlying Lease to Company, and to convey to the Company all the Authority's right, title and interest in and to the Property being purchased, as such Property then exists, subject only to (1) any Liens or title defects to which title to such Property was subject when conveyed to the Authority, (2) any Liens created at the request of the Company or to the creation of which the Company consented, (3) any Permitted Encumbrances, and (4) any Liens resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Lease Agreement or arising out of an Event of Default, and (B) to release and convey to the Company all of the Authority's rights and interest in and to any rights of action or any Net Proceeds of insurance settlements or any rights of action or any Net Proceeds of insurance settlements or Condemnation awards with respect to the Project Facility (excepting amounts relating to the Unassigned Rights).

ARTICLE XII

MISCELLANEOUS

SECTION 12.1. NOTICES. All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given (A) four (4) days after being sent

to the applicable address stated below by registered or certified mail, return receipt requested, or by such other means as shall provide the sender with documentary evidence of such delivery or the date of receipt, whichever is earlier, or (B) delivery is refused by the addressee, as evidenced by the affidavit of the Person who attempted to effect such delivery. The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

If to the Company:

Hoosick Hotel Development Group, LLC
302 Washington Avenue Extension
Albany, New York 12203

If to the Authority:

Troy Industrial Development Authority
City Hall
One Monument Square
Troy, New York 12180

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

SECTION 12.2. BINDING EFFECT. The Lease Agreement shall inure to the benefit of the Authority, the Company and the Lender and shall be binding upon the Authority, the Company and, as permitted by this Lease Agreement, their respective successors and assigns.

SECTION 12.3. SEVERABILITY. If any one or more of the covenants or agreements provided herein on the part of the Authority or the Company to be performed shall, for any reason, be held or shall, in fact, be inoperative, unenforceable or contrary to law in any particular case, such circumstance shall not render the provision in question inoperative or unenforceable in any other case or circumstance. Further, if any one or more of the phrases, sentences, clauses, paragraphs or sections herein shall be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Lease Agreement.

SECTION 12.4. AMENDMENTS, CHANGES AND MODIFICATIONS. The Lease Agreement may not be amended, changed, modified, altered or terminated, except by an instrument in writing signed by the parties hereto, with the written consent of the Authority.

SECTION 12.5. EXECUTION OF COUNTERPARTS. The 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. The Lease Agreement shall be governed exclusively by the Applicable Laws of the State.

SECTION 12.7. RECORDING AND FILING. The Mortgages, the Underlying Lease (or memorandum thereof), this Lease Agreement (or memorandum thereof), and the Financing Statements relating to the security interests created and/or assigned thereby shall be recorded or filed, as the case may be, in the Office of the County Clerk of Rensselaer County, New York and the New York State Secretary of State, or in such other office as may at the time be provided by law as the proper place for the recordation or filing thereof.

SECTION 12.8. SURVIVAL OF OBLIGATIONS. The obligations of the Company to make the payments required by Section 5.3, Section 5.4 and Section 6.6 hereof and to provide the indemnities required by this Lease Agreement including, without limitation, Section 3.3 and Section 8.2 hereof shall survive the termination of this Lease Agreement and all such payments after such termination shall be made upon demand of the party to whom such payment is due, until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution may be brought and the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses and charges incurred by the Authority, or its officers, members, agents or employees, relating thereto.

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

SECTION 12.10. NO RECOURSE; SPECIAL OBLIGATION. Notwithstanding anything contained herein to the contrary:

(A) The obligations and agreements of the Authority contained herein and in the other Financing Documents and any other instrument or document executed in connection therewith or herewith, and any other instrument or document supplemental thereto or hereto, shall be deemed the obligations and agreements of the 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.

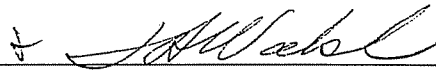
(B) The obligations and agreements of the Authority contained herein and therein shall not constitute or give rise to an obligation of the State of New York or City of Troy, New York, and neither the State of New York, nor City of Troy, New York shall be liable hereon or thereon, and, further, such obligations 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 Project Facility (except for revenues derived by the Authority with respect to the Unassigned Rights).

(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 (1) 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, (2) 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 (including, without limitation, reasonable attorneys' 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 (3) 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 (a) agree to indemnify and hold harmless the Authority and its members, officers, agents (other than the Company) and employees against any liability incurred as a result of its compliance with such demand, and (b) if requested by the Authority, furnish to the Authority satisfactory security to protect 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.

SECTION 12.11 SUBORDINATION TO MORTGAGES. This Lease Agreement (except the rights of the Authority set forth in Sections 10.2 (A)(3) and 10.2 (A)(4) hereof) and all of the rights of the Company hereunder are and shall be subject and subordinate to the Lien of the Mortgages and the rights and privileges of the Lender under any other Financing Documents and Loan Documents and to any modifications, future advances, extensions, renewals, assignments or consolidations to the Mortgages now existing or hereinafter executed. The subordination of this Lease Agreement (other than the aforementioned sections) to the Mortgages and the rights and privileges of the Lender thereunder shall be automatic, without the execution of any further subordination agreement by the Company. Nonetheless, if the Lender requires a further written subordination agreement, the Company agrees to execute, acknowledge and deliver the same.

IN WITNESS WHEREOF, the Authority and the Company have caused this Lease Agreement to be executed in their respective names by their respective Authorized Representatives and sealed, where appropriate, all as of the day and year first above written.

TROY INDUSTRIAL
DEVELOPMENT AUTHORITY

By: 
James A. Walsh, Chairman

HOOSICK HOTEL DEVELOPMENT GROUP, LLC

By: _____
Joseph R. Nicolla, Authorized Representative

IN WITNESS WHEREOF, the Authority and the Company have caused this Lease Agreement to be executed in their respective names by their respective Authorized Representatives and sealed, where appropriate, all as of the day and year first above written.

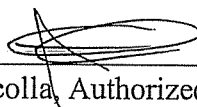
TROY INDUSTRIAL
DEVELOPMENT AUTHORITY

By: _____

James A. Walsh, Chairman

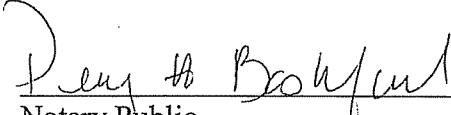
HOOSICK HOTEL DEVELOPMENT GROUP, LLC

By: _____


Joseph R. Nicolla, Authorized Representative

STATE OF NEW YORK)
)
COUNTY OF RENSSELAER) ss.:

On the 11th day of April, 2008, before me the undersigned, a Notary Public in and for said State, personally appeared JAMES A WALSH 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 person upon behalf of which the individual acted, executed the instrument.



Notary Public

Penny A. Bashford
Notary Public, State of New York
Qualified in Rensselaer County
Registration No.: 01BA6160283
Commission Expires 02/05/2011

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

On the ____ day of April, 2008, before me the undersigned, a Notary Public in and for said State, personally appeared JOSEPH R. NICOLLA, 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 person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
)
COUNTY OF RENSSELAER) ss.:

On the ____ day of April, 2008, before me the undersigned, a Notary Public in and for said State, personally appeared JAMES A WALSH 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 person upon behalf of which the individual acted, executed the instrument.

Notary Public

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

On the 8th day of April, 2008, before me the undersigned, a Notary Public in and for said State, personally appeared JOSEPH R. NICOLLA, 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 person upon behalf of which the individual acted, executed the instrument.



Notary Public

PAMELA GUIDI
Notary Public, State of New York
No. 01GU6157990
Qualified in Albany County
Commission Expires Dec. 18, 2010

EXHIBIT "A"

DESCRIPTION OF LAND

ALL that parcel of land situate in the City of Troy, County of Rensselaer, State of New York being more particularly bounded and described as follows:

BEGINNING at a point located at the intersection of the northerly bounds of Hoosick Street with the easterly bounds of Lavin Court; thence along the easterly bounds of Lavin Court N.11°-22'-20"E., a distance of 199.32 feet to a point; thence along the division line between lands now or formerly of Williams as described in Liber 1705 at Page 158 to the North and the herein described parcel to the South the following five courses and distances:

- S.78°-37'-40"E., a distance of 112.22 feet to a point;
- S.11°-22'-20"W., a distance of 2.0 feet to a point
- S.76°-26'-20"E., a distance of 26.16 feet to a point;
- N.11°-22'-20"E., a distance of 3.0 feet to a point;
- S.78°-37'-40"E., a distance of 69.14 feet to a point;

thence along the division line between lands now or formerly of Williams as described in Liber 1705 at Page 158, lands now or formerly of Sherwood as described in Liber 410 at Page 2451, lands now or formerly of Sagendorf as described in Liber 1753 at Page 11, lands now or formerly of Kennedy as described in Liber 206 at Page 2373 to the West and the herein described parcel to the East N.10°-42'-32"E., a distance of 179.42 feet to a point; thence along the division line between lands now or formerly of Kennedy as described in Liber 206 at Page 2373 to the West and North and the herein described parcel to the East and South the following two courses and distances:

- S.82°-17'-28"E., a distance of 32.79 feet to a point;
- N.10°-42'-32"E., a distance of 19.47 feet to a point;

thence along the division line between lands now or formerly of Center Albany Associated to the North and the herein described parcel to the South the following three courses and distances:

- S.81°-32'-28"E., a distance of 57.36 feet to a point
- N.11°-02'-32"E., a distance of 2.61 feet to a point;
- S.80°-54'-58"E., a distance of 216.12 feet to a point;

Thence along the division line between lands now or formerly of Dhanalakshmi Office Park LLC as described in Liber 4003 at Page 93 to the East (aka #267 Hoosick Street) to the East and the herein described parcel to the West, S.11°-02'-32"W., a distance of 406.13 feet to a point located in the northerly bounds of Hoosick Street; thence along the northerly bounds of Hoosick Street N.79°-33'-26"W., a distance of 513.54 feet to the point and place of beginning.

EXHIBIT "B"

DESCRIPTION OF EQUIPMENT

All articles of personal property and all appurtenances and additions thereto and substitutions or replacements thereof, incorporated or installed in and to become part of and now or hereafter attached to, contained in, or used in connection with the Project Facility (as defined in the Lease Agreement) or placed on any part thereof, though not attached thereto, including, but not limited to, all screens, furniture and fixtures, heating, lighting, plumbing, ventilating, air conditioning, sprinkler systems and other fire prevention and extinguishing apparatus and materials, equipment, fittings and fixtures and proceeds.

As used herein, the term "Lease Agreement" means the Lease Agreement, dated as of April 1, 2008, by and between Hoosick Hotel Development Group, LLC and the Troy Industrial Development Authority.

EXHIBIT "C"

DEFINITIONS

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

"Accountant" means an independent certified public accountant or a firm of independent certified public accountants selected by the Company and acceptable to the Lender.

"Act" means Title 11 of Article 8 of the Public Authorities Law of the State, as amended from time to time, together with Chapter 759 of the Laws of 1967 of the State, as amended from time to time.

"Act of Bankruptcy" means the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against the Company, any Guarantor, or the Authority under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect.

"Authority" means (A) the Troy Industrial Development Authority and its successors and assigns, and (B) any public benefit corporation or political subdivision resulting from or surviving any consolidation or merger to which the Troy Industrial Development Authority or its successors or assigns may be a party.

"Authority's Documents" means all documents executed by Authority in connection with the acquisition by the Company of the Project including, but not limited to, Lease Agreement, Memorandum of Lease Agreement, Underlying Lease to Authority, Memorandum of Underlying Lease, Bill of Sale to Company, Tax Affidavit, PILOT Agreement, Financing Statements, General Certificate of Authority, Certificate Regarding No Conflicts of Interest, and Mortgage and Security Agreements.

"Applicable Laws" mean all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all Governmental Authorities, foreseen or unforeseen, ordinary or extraordinary, which now, or at any time hereafter, may be applicable to or affect the Project Facility or any part thereof or to the operation, use, manner of use or condition of the Project Facility or any part thereof (the applicability of such statutes, codes, laws, acts, ordinances, orders, rules, regulations, directions and requirements to be determined both as if the Authority were the owner of the Project Facility and as if the Company, not the Authority, were the owner of the Project Facility), including, but not limited to (1) applicable building, zoning, environmental, planning and subdivision laws, ordinances, rules and regulations of Governmental Authorities having jurisdiction over the Project Facility; (2) restrictions, conditions or other requirements applicable to any permits, licenses or other governmental

authorizations issued with respect to the foregoing; and, (3) judgments, decrees or injunctions issued by any court or other judicial or quasi-judicial Governmental Authority.

"Authorized Investments" means any of the following: (A) direct obligations of the United States of America or of any Authority or instrumentality thereof when such obligations are backed by the full faith and credit of the United States, including, but not limited to, United States Treasury obligations, (B) Federal Home Loan Mortgage Corporation and Farm Credit Banks (Federal Land Banks, Federal Intermediate Credit Banks for Cooperatives) participation certificates and senior debt obligations, (C) Federal National Mortgage Association mortgage backed securities and senior debt obligations, (D) Student Loan Marketing Association (Sallie Mae) letter of credit backed issues and senior debt obligations, (E) federal funds, certificates of deposit, time deposits and bankers' acceptances (having original maturities of not more than 365 days) of any bank, the debt obligations of which (or, in the case of the principal bank in a bank holding company, debt obligations of the bank holding company) have been rated "A-1+" or better by Standard & Poors, (F) commercial paper (having original maturities of not more than 365 days) rated "A-1+" or better by Standard & Poors, (G) deposits which are fully insured by Federal Savings and Loan Insurance Corporation ("FSLIC") or Federal Deposit Insurance Corporation ("FDIC"), (H) repurchase agreements with any banks insured by FDIC or FSLIC, provided (1) the collateral level, the valuation and the cure period are acceptable to the Trustee, (2) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral, (3) the Trustee has a perfected first priority security interest in the collateral, (4) the collateral is free and clear of third party Liens, and (5) failure to maintain the requisite collateral percentage in (1) above will require the Trustee to liquidate the collateral, (I) obligations of any state or political subdivision thereof which bear an investment grade rating from Standard & Poor's or Moody's and the interest on which is exempt from federal income taxation under Sections 103(a) and 141 through 150 of the Code, (J) any money market funds customarily invested in by the Trustee, or (K) any other investment with the prior written consent of the Lender.

"Authorized Representative" means the Person or Persons at the time designated to act in behalf of the Authority or the Company, as the case may be, by written certificate containing the specimen signature of each such Person and signed on behalf of (A) the Authority by its Chairman or Vice-Chairman, or such other person as may be authorized by resolution of the Authority and (B) the Company by its members, or such other person as may be authorized by the Company.

"Bank" or "Lender" means Capital Bank & Trust Company, its successors and/or assigns.

"Bill of Sale to Company" means the bill of sale from the Authority to the Company conveying the Authority's interest in the Equipment to the Company, to be delivered upon the Lease Termination Date.

"Bill of Sale to Authority" means the bill of sale dated as of April 1, 2008 from the Company to the Authority conveying the Company's interest in the Equipment to the Authority.

"Business Day" means any day of the year on which the banking institutions located in the State are open for the purpose of conducting business.

"Closing Date" means the date on which the Lease Agreement is executed and delivered by the Authority and the Company.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the United States Treasury Department thereunder and under the Internal Revenue Code of 1954, as amended.

"Company" means Hoosick Hotel Development Group LLC, a New York limited liability company, having an office for the transaction of business located at 302 Washington Avenue Extension, Albany, New York 12203.

"Company's Documents" means all documents executed by Company in connection with the acquisition by the Company of the Project including, but not limited to, Underlying Lease to Authority, Memorandum of Underlying Lease, Bill of Sale to Authority, Lease Agreement, Memorandum of Lease Agreement, Financing Statements, General Certificate of Company, Mortgage Note, and Mortgage and Security Agreements.

"Completion Date" means the earlier to occur of (A) December 31, 2010 or (B) such date as shall be certified by the Company to the Authority as the date of completion of the Project pursuant to Section 4.2 of the Lease Agreement, or (C) such earlier date as shall be designated by written communication from the Company to the Authority as the date of completion of the Project.

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

"Cost of the Project" means all those costs and items of expense enumerated in Section 4.1 of the Lease Agreement.

"Debt Service Payment" means the payments from the Company to the Lender under the Lease Agreement.

"Equipment" means all materials, machinery, equipment, fixtures or furnishings intended to be acquired pursuant to Section 4.1 of the Lease Agreement, and such substitutions and replacements therefor as may be made from time to time pursuant to the Lease Agreement, including, without limitation, all the Property described in Exhibit "B" attached to the Lease Agreement.

"Event of Default" means, with respect to the Lease Agreement, any of those events defined as Events of Default by the terms of Article X of the Lease Agreement.

"Facility" means all those buildings, improvements, structures and other related facilities (A) affixed to or attached to the Land, (B) financed with any payment made by the Company pursuant to Article IV of the Lease Agreement, and (C) not constituting a part of the Equipment, all as they may exist from time to time.

"Financial Institution" means: (1) any national bank, or banking institution, whether acting in its individual or fiduciary capacity, organized under the laws of any state, territory or the District of Columbia, the business of which is substantially confined to banking and is supervised by the state or territorial banking commission or similar official; (2) an insurance company which is organized as an insurance company whose primary and predominant business activity is the writing of insurance or the reinsuring of risks underwritten by insurance companies, and which is subject to supervision by the insurance commissioner, or a similar official or Authority of a state or territory or the District of Columbia; (3) an investment company registered under the Investment Company Act of 1940 or a business development company as described in Section 2(a)(48) of that Act; (4) an employee benefit plan, including an individual retirement account, which is subject to the provisions of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, insurance company or registered investment advisor; or (5) institutional investors or other entities who customarily purchase commercial paper or tax-exempt securities in large denominations.

"Financing Documents" means the Authority Documents and the Company Documents and any and all other agreements, documents and certificates executed in connection with the Lease Agreement.

"Financing Statements" means the UCC Financing Statements naming the Company, as debtor, and the Authority, as secured party, and assigned to the Lender.

"Governmental Authority" means the United States, the State, any other state and any political subdivision thereof, and any Authority, department, commission, board, bureau or instrumentality of any of them.

"Government Obligations" means the direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as full faith and credit obligations by the United States of America which are not subject to redemption by the Authority thereof prior to their stated maturity.

"Gross Proceeds" means 100% of the proceeds of the transaction with respect to which such term is used, including, but not limited to, the settlement of any insurance or Condemnation award.

"Hazardous Materials" or "Hazardous Substance" shall mean all hazardous and toxic materials or substances including, without limitation, any flammables, explosives, radioactive materials, radon, asbestos, urea formaldehyde foam insulation, polychlorinated-biphenyls, petroleum and petroleum based products or by-products, methane, hazardous materials, hazardous wastes,

medical wastes, hazardous or toxic substances or related materials, as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et. seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), Articles 15 or 27 of the State Environmental Conservation Law, or in the regulations adopted and publications promulgated pursuant thereto, or any other Federal, state or local environmental law, ordinance, rule or regulation. The term "Hazardous Substance" or Hazardous Material does not include consumer products which are packaged for, stored, and used by a consumer with reasonable care and for their intended use.

"Independent Counsel" shall mean an attorney or firm of attorneys duly admitted to practice law before the highest court of any state and approved by the Lender and not a full-time employee of the Company or the Authority.

"Land" means the land particularly described on Exhibit "A" attached hereto.

"Lease Agreement" means the lease agreement dated as of April 1, 2008, by and between the Authority and the Company, as said lease agreement may be supplemented or amended from time to time.

"Lease Resolution" or "Resolution" means the resolutions of the Authority adopted January 25, 2008 and April 8, 2008 authorizing the Authority to undertake the Project and to execute and deliver the Financing Documents to which the Authority is a party.

"Lease Termination Date" means the earlier of (1) December 31, 2041 or (2) the date that this Lease Agreement shall terminate pursuant to Article X or Article XI hereof.

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

"Mortgage and Security Agreements" or "Mortgages" means the mortgage and security agreements dated as of the Closing Date by and among the Company and the Authority in favor of the Lender.

"Mortgage Note" means the mortgage note dated as of the Closing Date in the in the total principal amount of up to \$1,000,000 from the Company in favor of the Lender.

"Net Proceeds" means so much of the Gross Proceeds with respect to which that term is used as remain after payment of all fees for services, expenses, costs and taxes (including attorneys' fees) incurred in obtaining such Gross Proceeds.

"Permitted Encumbrances" means (A) utility, access and other easements, rights of way, restrictions, encroachments and exceptions that benefit or do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (B) mechanics', materialmen's, warehousemen's, carriers' and other similar Liens to the extent permitted by Section 8.8 (B) of the Lease Agreement, (C) Liens for taxes, assessments and utility charges (1) to the extent permitted by Section 6.2 (B) of the Lease Agreement, or (2) at the time not delinquent, (D) any Lien on the Project Facility obtained through any Financing Document, (E) mortgages, security agreements and other instruments in favor of the Lender, and (F) any other lien or encumbrance consented to by the Lender.

"Person" means an individual, partnership, corporation, limited liability company, trust, unincorporated organization or Governmental Authority.

"Plans and Specifications" means the description of the Project as shown in the plans and specifications prepared by Company's architect and engineer.

"PILOT Agreement" means that certain payment in lieu of tax agreement to be executed and delivered from the Company to the Authority.

"Project" means the project undertaken by the Authority consisting of: (A) (i) the acquisition of an interest in certain parcels of land located at 225, 227, 229, 237, 239, 241 and 243 Hoosick Street and 2407 Lavin Court, City of Troy, County of Rensselaer, State of New York (collectively, the "Land"); (ii) the demolition of five vacant residential structures, and the new construction of an approximately 106,000 square foot, 125 room, seven story, select service hotel with associated retail, restaurant, conference and ancillary space (the "New Facility"), and (iii) the acquisition and installation in the New Facility of certain equipment (the "Equipment") (and together, the Land, the New Facility and the Equipment are hereinafter collectively called the "Project" or "Project Facility"), (B) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Authority. The Project Facility is to be leased by the Authority to the Company pursuant to the provisions of a certain lease agreement dated as of April 1, 2008 (the "Lease Agreement").

"Project Facility" means, collectively, the Land, the Facility and the Equipment.

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

"Requirement" means any law, ordinance, order, rule or regulation of a Governmental Authority.

"Special Counsel" means David Mitchell, Esq., or such other attorney or firm of attorneys located in the State whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and who are acceptable to the Lender.

"State" means New York State.

"Taxing Entities" means the school district or school districts, city, town, county, village and other political units wherein the Project Facility is located having taxing powers.

"Term" means the term of the Underlying Lease.

"Unassigned Rights" means (A) the rights of the Authority granted pursuant to Sections 2.2, 3.1, 3.2, 3.3, 4.1(A), 4.1(B), 4.1(D), 4.1(E), 4.1(F), 4.1(G), 5.2(A), 5.3(B), 5.4(B), 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 7.1, 7.2, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 9.1, 9.3, 11.1, 12.4, 12.8 and , and 12.10 of the Lease Agreement, (B) the moneys due and to become due and to the Authority for its own account or the members, officers, agents and employee of the Authority for their own account pursuant to Section 2.2(F), 3.3, 4.1, 5.3(B)(2), 5.3(C), 6.4(B), 8.2, 10.2 and 10.4 of the Lease Agreement, (C) monies due as payments in lieu of taxes pursuant to Section 6.6 of the Lease Agreement and the Payment in Lieu of Tax Agreement and (D) the right to enforce the foregoing pursuant to Article X of the Lease Agreement.

"Underlying Lease to Authority" means that certain lease to the Authority dated as of April 1, 2008 by and between the Company, as landlord, and the Authority, as tenant, pursuant to which the company has conveyed a leasehold interest in the Premises to the Authority, as said lease to the Authority may be amended or supplemented from time to time.

Exhibit "D"

Hotel PILOT Revised Proposal 1/25/08 - Draft Attachment A

	% of income
1	\$32,313
2	\$32,313
3	\$32,313
4	\$32,313
5	\$32,313
6	\$200,000
7	\$200,000
8	\$200,000
9	\$200,000
10	\$200,000
11	\$200,000
12	\$200,000
13	\$200,000
14	\$200,000
15	\$200,000

PAYMENT BASED ON FLAT RATE PLUS % OF GROSS INCOME FROM SALES

	Flat Rate	%increase
16	\$200,000	2%
17	\$200,000	2%
18	\$200,000	2%
19	\$200,000	2%
20	\$200,000	2%
21	\$200,000	2%
22	\$200,000	2%

23	\$200,000	2%
24	\$200,000	2%
25	\$200,000	2%
26	\$200,000	2%
27	\$200,000	2%
28	\$200,000	2%
29	\$200,000	2%
30	\$200,000	2%

*Language to be added to PILOT Agreement that prohibits PILOT payment from exceeding the taxable dollar amount that would otherwise be levied if