PAYMENT IN LIEU OF TAXES AGREEMENT

THIS AGREEMENT, by and between **MDD, L.L.C.** a New York limited liability company having an address of 1043 County Route 25, Oswego, New York 13126 ("**Company**") and **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, an Industrial Development Agency and a Public Benefit Corporation of the State of New York having an address of 800 Starbuck Avenue, Watertown, New York 13601 ("**Agency**"),

WITNESSETH:

WHEREAS, the Agency was created by Chapter 369 of the Laws of 1971 of the State of New York pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York (collectively, the "**Act**"); and

WHEREAS, the Agency by Resolution dated December 5, 2019, as amended by Resolution dated January 9, 2020, has agreed to undertake a project to construct a new 8,050 square foot building together with the acquisition of certain machinery and equipment all of which to constitute a warehouse distribution and redemption facility on certain land owned by the Company at 19970 New York State Route 3 , Watertown, New York (a portion of Tax Map Parcel No. 82.00-2-1) (the "**Land**"), in the Town of Watertown, Jefferson County, New York, as more particularly described in Schedule "A" attached hereto (the Project and the Land are hereinafter referred to as the "Project **Facility**"); and

WHEREAS, the Company is or will be the fee title owner of the Project Facility; and

WHEREAS, the Company will execute and deliver to the Agency, a certain lease agreement to the Agency (the "**Underlying Lease**") pursuant to which the Company leases to the Agency the Project Facility; and

WHEREAS, the Agency will immediately thereafter lease the Project Facility to the Company pursuant to a Lease Agreement executed and entered into of even date herewith (the "**Lease Agreement**") by and between Agency and the Company; and

WHEREAS, pursuant to the terms of the Lease Agreement (1) the Company will agree to cause the Project to be undertaken and completed, and (2) the Agency will agree to undertake and complete the Project; and

WHEREAS, pursuant to section 874(1) of the Act, and Section 412(a) of the Real Property Tax Law of the State of New York, the Agency is exempt from the payment of taxes and assessments imposed upon real property and improvements owned by it other than special ad valorem levies, special assessments and service charges against real property located in Jefferson County which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Taxing Jurisdictions, which are, collectively, the Town of Watertown ("**Town**"), Jefferson County ("**County**") and the Watertown City School District ("**School**"), have the following taxable years: the Town and County January 1 to December 31, and the School July 1 to June 30; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into this agreement making provision for payments in lieu of taxes by the Company to the Agency, for the benefit of the respective Taxing Jurisdictions within which the Project Facility is or is to be located;

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

1. (a) For the purpose of payments to be made pursuant to this Agreement, the Completion Date for the Project shall be the earlier of twelve (12) months from the date the building permit was issued for any part of the Project, or the issuance of a Certificate of Occupancy. The Company shall notify each Taxing Jurisdiction and the Agency within 30 days after the Completion Date for the Project.

(b) Commencing with the tax year beginning on the next Taxable Status Date following the Completion Date and for the period set forth below or until the earlier termination of the Lease Agreement, the Company agrees to pay in lieu of all real estate, tangible personal property, inventory and/or other similar taxes and assessments (in addition to paying all special ad valorem levies, special assessments and service charges which are or may be imposed for special improvements or special district improvements) which would be levied upon the Project Facility during such tax years as if the Project Facility were owned by the Company and not by the Agency, the amounts determined according to the following formula:

PILOT = AV x ATR x PR

WHERE

PILOT	=	Amount of payment in lieu of taxes due to the Taxing Jurisdictions for the applicable tax year.
AV	=	Assessed Value of the Project Facility.
ATR	=	Actual Tax Rate for the respective Taxing Jurisdictions for the applicable year.
PR	=	Payment Ratio as set forth in Table I for the applicable tax year.

TABLE I

Year 1 – 5	25% of all Real Estate Taxes;
Years 6 – 10	50% of all Real Estate Taxes;
Years 11 – 15	75% of all Real Estate Taxes;
Thereafter;	100% of all Real Estate Taxes;

(c) The Company shall pay, or cause to be paid the amounts set forth in Paragraph 1(b) hereof within the grace period, without penalty, applicable to taxes, assessments, special ad valorem levies, special service charges or similar tax equivalents, as the case may be, on similar property subject to taxation by the Taxing Jurisdictions during such respective tax years, subject to any late payment penalties pursuant to §874 of the Act if not made within the grace period. Any failure on the part of the Company to timely make any payments pursuant to this Agreement within ten (10) days following written notice from the Agency shall be an event of default ("**Event of Default**") under this Agreement and under the Lease Agreement. Upon such Event of Default, the Agency shall have any and/or all of the Remedies on Default set forth in the Lease Agreement. Further, upon such Event of Default, the Payments In Lieu of Tax due under this Agreement shall, upon thirty (30) days written notice from the Agency to the Company, immediately bear a Payment Ratio of 100% as such term is defined in the PILOT in Paragraph 1(b) of this Agreement until such Event of Default shall be cured by the Company.

(d) The assessed value of the Project Facility shall be the value as finally determined on the Assessment Roll of the Taxing Jurisdiction for the applicable year.

(e) Prior to the Completion Date as defined in Paragraph 1(a) above of the Project, the Company shall pay to the Agency on the Project an amount equal to the real estate taxes and assessments on the Land for the Project as if the Land were owned by the Company and not by the Agency. The Company shall pay or cause such amounts to be paid within the grace period without penalty, applicable to taxes, assessments, special ad valorem levies, special service charges or similar tax equivalents, as the case may be, on similar property subject to taxation by the Taxing Jurisdictions during such respective tax years, subject to any late payment penalties pursuant to Section 874 of the Act if not made within the grace period.

2. This Agreement shall terminate, unless it is terminated sooner pursuant to the Lease Agreement or any other provisions of this Agreement, on a date which will be 180 months from the initial Taxable Status Date ("**Termination Date**") at which time the parties agree that the Lease and Underlying Lease for the Project Facility shall terminate. In the event of an early termination either pursuant to this Paragraph or any other termination pursuant to this Agreement, both the Lease and the Underlying Lease shall terminate.

3. In the event that the Project Facility is transferred from the Agency to the Company, the Project Facility shall be immediately subject to taxation pursuant to Sections 302 and 520 of the New York Real Property Tax Law, as amended. However, in no event shall the Company be required to pay both a PILOT payment pursuant to the Agreement and real property taxes for a concurrent tax year or portion thereof. Therefore, should the Project Facility be conveyed to the Company and thus become taxable pursuant to New York RPTL Section 520, any payments payable under this Agreement as Payments required in Lieu of Taxes shall be reduced by the amount of any taxes which are required to be paid under RPTL Section 520 for any such concurrent tax year or portion thereof, and should such Payment-in-Lieu-of-Taxes already have been made, the Taxing Jurisdictions shall refund any such amounts owing to Company.

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

5. Any notice required to be given under this Agreement shall be deemed to have been duly given when delivered and, if delivered by mail, postage prepaid, return receipt requested, addressed to the respective parties hereto at their respective addresses specified below or such other addresses as either party may specify in writing to the other:

If to the Agency: Jefferson County Industrial Development Agency
800 Starbuck Avenue, Suite 800
Watertown, New York 13601
Attn: Donald C. Alexander

With a copy to: Barclay Damon, LLP
120 Washington Street, Suite 500
Watertown, New York 13601
Attn: Joseph W. Russell, Esq..

If to the Company: MDD, L.L.C.
Attn: Daniel E. Dorsey, Jr.
1043 County Route 25
Oswego, New York 13126

With a copy to: Victor Hirshdorfer, Esq
Pappas, Cox, Kimpel, Dodd & Levine, P.C.
614 James Street
Syracuse, New York 132023

6. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

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

8. This Agreement may only be assigned by the Company in accordance with Section 8.4 of the Lease Agreement.

9. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes and all of which shall constitute collectively a single agreement. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement on the date set forth before the signature of its respective representative.

Date: January 23, 2020

MDD, L.L.C.

By: [redacted]
Daniel E. Dorsey, Jr.

Date: January 23, 2020

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: [redacted]
Donald C. Alexander, CEO

SCHEDULE A

ALL THAT TRACT OR PARCEL OF LAND situate in the Town of Watertown, County of Jefferson, State of New York and being more particularly described as follows:

BEGINNING at a 1/2" iron pipe with cap to be set in the easterly bounds of a 2.264± acre parcel of land to be dedicated to the Town of Watertown for road development, said iron pipe being the southwesterly corner of Lot 5 of T.I. Ag Park;

THENCE S. 87°-59'-18" E, a distance of 306.26 feet to a 1/2" iron pipe with cap to be set;

THENCE S. 02°-00'-42" W., a distance of 417.54 feet to a 1/2" iron pipe with cap to be set;

THENCE N. 87°-59'-18" W., a distance of 501.46 feet to a 1/2" iron pipe with cap to be set in the easterly bounds of said 2.264± acre parcel;

THENCE along the easterly bounds of said 2.264± acre parcel, and along a curve to the right having a radius of 217.00 feet, a distance of 102.24 feet to a 1/2" iron pipe with cap to be set, said iron pipe being situate a direct of N. 30°-39'-25" E., a distance of 101.30 feet from the previously mentioned iron pipe;

THENCE N. 44°-09'-16" E., continuing along the easterly bounds of said 2.264± acre parcel a distance of 110.13 feet to a 1/2" iron pipe with cap to be set;

THENCE continuing along the easterly bounds of said 2.264± acre parcel, and along a curve to the left having a radius of 283.00 feet, a distance of 210.27 feet to a 1/2" iron pipe with cap to be set, said iron pipe being situate a direct of N. 22°-52'-07" E., a distance of 205.47 feet from the previously mentioned iron pipe;

THENCE N. 01°-34'-59" E., continuing along the easterly bounds of said 2.264± acre parcel, a distance of 54.98 to the **POINT OF BEGINNING**;

CONTAINING 3.597± acres of land, more or less.

TOGETHER WITH AND SUBJECT TO all rights, in common with others, in accordance with a certain Declaration of Access and Utility Easement made by Grantor and dated November 1, 2019 and recorded in the Jefferson County Clerk's Office on November 4, 2019 as Instrument No. 2019-17823.

TOGETHER WITH AND SUBJECT TO an easement for access and utilities over the .464± acre parcel as shown on a Subdivision Plat of a portion of the lands of TI. Ag Park, LLC as filed in the Jefferson County Clerk's Office on September 27, 2019 as Map #7334 (the "Subdivision Map").

ALSO SUBJECT TO an easement for highway purposes to be conveyed to the Town of Watertown over the .064± acre parcel shown on the Subdivision Map near the southwest corner of the premises.