MODIFICATION
of
UNDERLYING LEASE,
LEASE
and
PILOT AGREEMENT

THIS MODIFICATION AGREEMENT is entered into by and between **MOHAWK, ADIRONDACK & NORTHERN RAILROAD CORPORATION** (the "**Company**") and **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (the "**Agency**").

WHEREAS the Company, as landlord, and the Agency, as tenant, entered into a lease dated as of February 28, 2017 (the "**Underlying Lease**") pursuant to which the Agency was granted a leasehold estate in the parcel of land described on **Exhibit "A"** attached thereto (the "**Facility Parcel**"), together with all improvements located thereon (collectively with the Facility Parcel, the "**Facility Premises**") for the purposes of granting certain real property tax relief to the Facility Premises, all in connection with the Project (as defined in the Underlying Lease); and

WHEREAS the Agency, as landlord, and the Company, as tenant, entered into a lease to the Company dated as of February 28, 2017 (the "**Lease**") pursuant to which the Company was granted a leasehold estate in the parcel of land described on **Exhibit "A"** to the Underlying Lease, together with all improvements located thereon (for the purposes of granting certain real property tax relief to the Facility Premises, all in connection with the Project (as defined in the Underlying Lease); and

WHEREAS the Agency and the Company entered into a Payment In Lieu of Tax Agreement dated as of February 28, 2017 (the "**PILOT**") with respect to the Facility Parcel; and

WHEREAS Section 9.3 of the 28 February 2017 Lease Agreement provides that where the Company determines that any portion of the Project Facility has become unnecessary, the Company may remove such portion of the Project Facility and may sell the same, as a whole or in part, without the prior written consent of the Agency and that at the request of the Company, the Agency shall execute and deliver to the Company all instruments necessary or appropriate to enable the Company to sell or otherwise dispose of any such item of Property free from the liens of the **Basic Documents**, Basic Documents being defined in Section 1.1 of the Lease as, inter alia, the Underlying Lease, the Lease Agreement and the PILOT Agreement.

WHEREAS the Company has entered into an agreement to sell a portion of the Facility Parcel located in the Village of Carthage, such portion being a part of Tax Parcel 86.40-2-37.51; and

WHEREAS on August 28, 2018 the State of New York released its preferential rights to acquire the property being sold (copy of letter of release attached hereto as ATTACHMENT A); and

WHEREAS the Town of Wilna Planning Board has approved a subdivision of Tax Parcel 86.40-2-37.51 (copy of the minutes of the Planning Committee attached hereto as ATTACHMENT B):

NOW, THEREFORE, it is hereby agreed that Exhibit A to the Underlying Lease, Exhibit A to the Lease, and Schedule A to the PILOT Agreement are hereby modified to exclude from the description of the Facility Parcel the parcel described in Exhibit 1 hereto.

IN WITNESS WHEREOF, the Company and the Agency have signed this agreement as of the 31st day of July 2020.

MOHAWK, ADIRONDACK & NORTHERN RAILROAD CORPORATION

By: [redacted]
David J. MonteVerde
President

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: [redacted]
Donald C. Alexander
Chief Executive Officer

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

On the 31ST day of July 2020, before me, the undersigned, a notary public in and for said state, personally appeared **David J. MonteVerde,** 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 Mohawk, Adirondack & Northern Railroad Corporation executed the instrument.

[redacted]
Notary Public

JOHN S. HERBRAND
Notary Public, State of New York
Registration # [redacted]
Qualified in Monroe County
Commission Expires 9/29/2023

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

On the 11th day of July 2020 before me, the undersigned, a notary public in and for said state, personally appeared **Donald C. Alexander**, 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 Jefferson County Industrial Development Agency executed the instrument.

[redacted]
Notary Public

PEGGY SAMPSON
Notary Public, State of New York
Qualified in Jefferson County
No. [redacted]
Commission Expires 02-09-24

ATTACHMENT A

Release of New York State Preferential Rights

NEW YORK STATE OF OPPORTUNITY. | Department of Transportation

ANDREW M. CUOMO
Governor

PAUL A. KARAS
Acting Commissioner

August 24, 2018

Mr. John S. Herbrand, General Counsel
Mohawk, Adirondack & Northern Railroad Corp.
1 Mill Street, Suite 101
Batavia, NY 14020-3141

Subject: Request for Release of New York State Preferential Acquisition Rights
Former Railroad Depot Building
Village of Carthage, Town of Wilna, Jefferson County
NYSDOT Mohawk, Adirondack & Northern RR, File #0214
One parcel containing 2.4 ± acre

Dear Mr. Herbrand,

Pursuant to your request by mail dated May 11, 2018 to Ray Hessinger, Director of our Rail & Passenger Freight Bureau, attached is an executed Release of Preferential Right of Acquisition by the Commissioner of Transportation for the above reference property located in Jefferson County.

Please contact me at (518) 485-7314 with any questions.

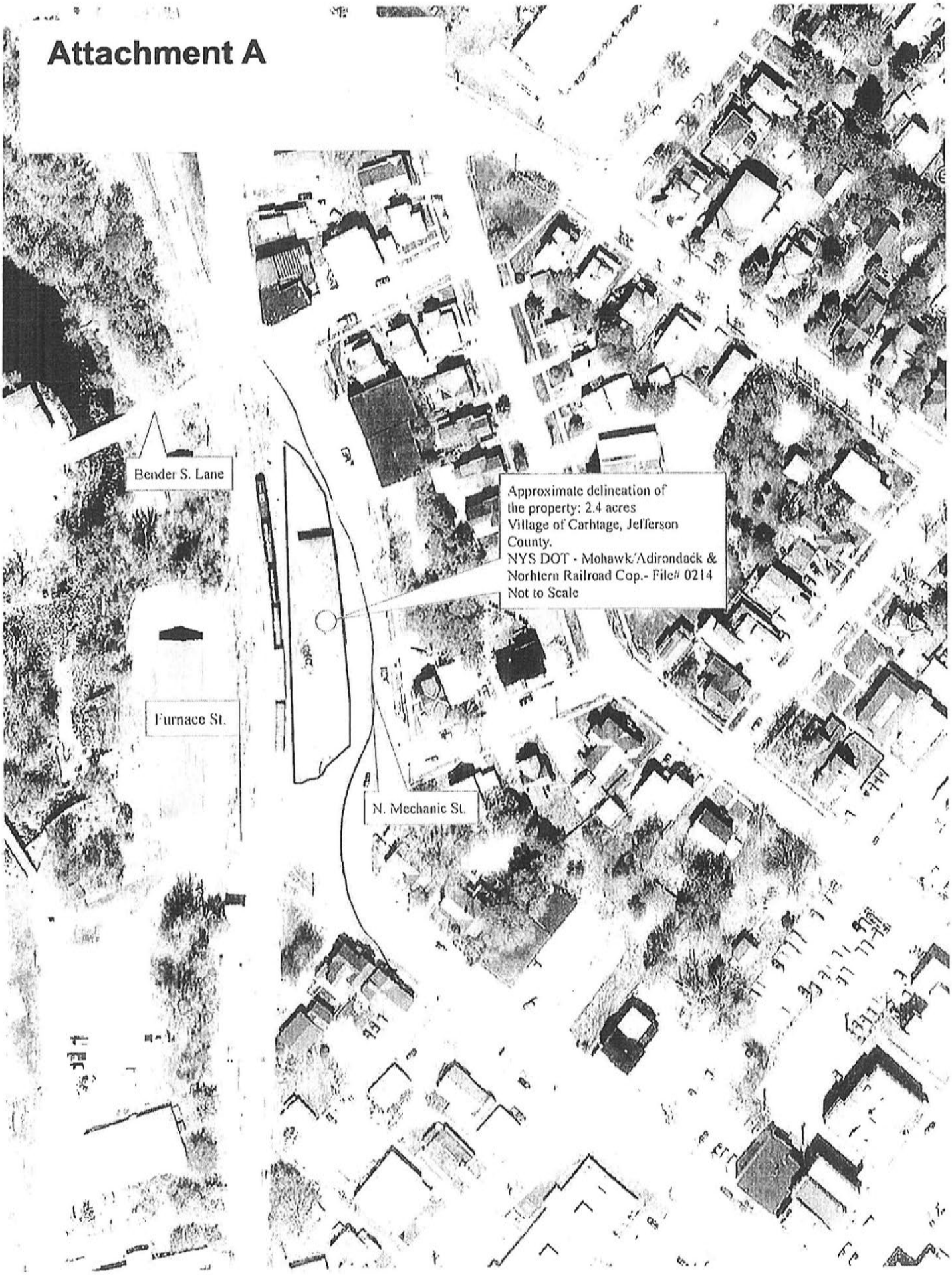
Sincerely,

Scott M. Roods
Real Estate Officer

Attachments

cc. Mike Younsi, NYSDOT
Louis DelGiacco, NYSDOT

Attachment A



RELEASE BY COMMISSIONER OF TRANSPORTATION
OF PREFERENTIAL RIGHT TO ACQUIRE PROPERTY
ABANDONED FOR RAILROAD TRANSPORTATION PURPOSES

WHEREAS, certain properties acquired for the purpose of operating a railroad thereon and which are owned by Mohawk, Adirondack & Northern Railroad Corporation and are located within the State of New York are abandoned for railroad transportation purposes, and

WHEREAS, these railroad properties above mentioned are further described as follows:

All that certain rectangularly shaped parcel of land totaling 2.4 ± acres, bounded southerly by Newton Falls Line, which is a single Track owned by Jefferson County Industrial Development Agency, operated by Mohawk, Adirondack & Northern Railroad Corporation; Bender S. Lane from the west; N. Mechanic St. from the north, and Furnace St. from the east, situate in the Village of Carthage, Town of Wilna, Jefferson County, of abandoned railroad corridor further described and shown in the attached "Schedule A".

WHEREAS, Section 18 of the Transportation Law, added by Chapter 827 of the Laws of 1971 as amended, grants to the Commissioner of Transportation of the State of New York the preferential right to acquire, or to authorize other interested State or Local agencies of government, metropolitan or regional transportation authorities to exercise the preferential right to acquire property abandoned for railroad transportation purposes, and

WHEREAS, the Commissioner of Transportation of the State of New York has determined that there is no future use for the above mentioned property for transportation purposes, as such purposes are set forth in the Transportation Law, the Highway Law or the Canal Law, and

WHEREAS, the Commissioner or Transportation of the State of New York has not authorized any other State or local agency of government or a metropolitan or regional transportation authority to exercise its preferential right of acquisition for public transportation purposes, as set forth in the Transportation Law.

WHEREFORE, the Commissioner of Transportation of the State of New York for and in consideration of the sum of One (1) Dollar, lawful money of the United States of America, receipt of which is hereby waived, hereby releases pursuant to Section 18 of the Transportation Law, added by Chapter 827 of the Laws of 1971 as amended, the preferential right to acquire the aforementioned property which was acquired for the purpose of operating a railroad thereon and which has been abandoned for railroad transportation purposes.

THIS release is limited to a release of any preferential acquisition rights granted under Section 18 of the Transportation Law. No confirmation, assurance or guarantee of the accuracy, authenticity, nature or extent of any right, title, interest or description in, of or to the property named and/or described herein is intended, and no release of any right, title or interest of the State of New York in and to any such property, which might otherwise exist, is made hereby.

COMMISSIONER OF TRANSPORTATION

8/24/2018
DATE

BY: [redacted]
Susan E. Beaudoin
Director, Office of Right-of-Way

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

On this 24th day of August, 2018, before me, the undersigned, personally appeared Susan E. Beaudoin personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

SCOTT M. ROODS
Notary Public, State of New York
Reg No [redacted]
Qualified in Albany County
Commission Expires July 21, 2019

[redacted]
Notary Public, State of New York

ATTACHMENT B

Minutes of May 6 Planning Board
Town of Wilna

TOWN OF WILNA PLANNING BOARD

Chairperson
Jon W Storms

Members
Robert Fetterly
Charles Florence
Kathleen Latremore

414 State St
Carthage, New York 13619-1414
(315) 493-2771

Secretary
Linda Prashaw

Members
Bill Dutton
Cheryl Schroy
Yolanda Skvorak

Participating Municipalities
TOWN OF WILNA
VILLAGE OF CARTHAGE
VILLAGE OF DEFERIET

Date: 05/06/2020 **ZOOM MEETING**

Purpose: Public Hearing / Regular Meeting

Attendance: Mickey Dietrich, Jon Storms, Bob Fetterly, Bill Dutton, Linda Prashaw, Chuck Florence, Kathy Latremore, Howard Lyndaker (GYMO)

Chairman Storms opened the Public Hearing at 5:01 p.m.

Review and discussion of minor subdivision of parcel #86.40-2-37.51 owned by Genesee Railway and located on N Mechanic St, Carthage, New York 13619

Public Hearing closed at 5:03 p.m. - Chairman Storms opened the regular meeting at 5:03 p.m.

Florence moved, seconded by Dutton the minor subdivision be approved for parcel #86.40-2-37.51 owned by Genesee Railway and located on N Mechanic St, Carthage, New York 13619, all approved, carried.

Latremore moved, seconded by Fetterly the March 4, 2020 minutes be approved as written, no opposed. Carried.

Public Forum: N/A

Communications – Town of Wilna re: AR zoning

Village of Carthage Business: Discussion of proposed drainage of Parcel #86.41-2-22 located at 214 ½ S Clinton St, Carthage, NY 13619, owned by Wendell Moser. Motion by Dutton, seconded by Florence to approve drainage as proposed, all in favor, carried.

Village of Deferiet Business: N/A

Town of Wilna Business: Review of minor subdivision owned by Jeffrey Chaffee parcel #78.00-2-4 located at 24446 Co Rt 42, Carthage, NY 13619. Public Hearing will be scheduled on June 3, 2020 at 5:00 p.m.

Other Business: N/A

Adjournment: Dutton moved, seconded by Florence the meeting be adjourned, no opposed, carried, adjourned at 5:15 p.m.

TOWN OF WILNA PLANNING BOARD

Chairperson
Jon W Storms

Members
Robert Fetterly
Charles Florence
Kathleen Latremore

414 State St
Carthage, New York 13619-1414
(315) 493-2771

Secretary
Linda Prashaw

Members
Bill Dutton
Cheryl Schroy
Yolanda Skvorak

Participating Municipalities
TOWN OF WILNA
VILLAGE OF CARTHAGE
VILLAGE OF DEFERIET

Next Meeting/Public Hearing: Wednesday April 1, 2020 at 5:00 P.M.

Respectfully,

Linda Prashaw, Secretary

CC: Jon Storms, Janet Zando, Lori Borland, Paul Smith, William Dutton, Kristy O'Shaughnessy, Robert Fetterly, Elaine Avallone, Wendell Moser, Charles Florence, Terry McKeever, John Herbrand, Yolanda Skvorak, Kathleen Latremore, Cheryl Schroy, Reggie Huber

EXHIBIT 1

Legal Description of Excluded Property

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

Beginning at the intersection of the occupied easterly margin of Mechanic Street and the apparent southerly margin of Brown Street;

THENCE along the occupied easterly margin of Mechanic Street the following three (3) courses and distances:

1. S. 22°-04'-14" E., a distance of 108.03 feet to a point;
2. S. 15°-43'-09" E., a distance of 90.00 feet to a point;
3. S. 09°-34'-23" E., a distance of 216.74 feet to a point in the apparent northerly margin of Furnace Street;

THENCE S. 63°-58'-27" W., along said margin a distance of 57.62 feet to a point in the centerline of asphalt of Mechanic Street;

THENCE S. 19°-18'-38" W., along said centerline a distance of 16.17 feet to a point in the apparent northerly margin of Furnace Street;

THENCE S. 68°-22'-28" W., along the apparent northerly margin of Furnace Street a distance of 71.50 feet to a point 20 feet easterly from the centerline of the most easterly set of tracks;

THENCE in a generally northerly direction along a curve to the right, concentric with and 20 feet easterly from the centerline of the most easterly set of railroad tracks and having a radius of 1486.2 feet, a distance of 430.64 feet to a point in the aforementioned apparent southerly margin of Brown Street, said point being situate a direct tie of N. 06°-09'-36" W., a distance of 429.43 feet from the last mentioned point;

THENCE N. 63°-30'-06" E., a distance of 15.87 feet to a point in the centerline of asphalt of Mechanic Street;

THENCE in a generally northwesterly direction along said centerline a distance of 4.5 feet to a point, said point being situate a direct tie of N. 35°-27'-44" W., a distance of 4.52 feet from the previously mentioned point;

Thence N. 62°-32'-52" E., along the aforementioned apparent southerly margin of Brown Street a distance of 64.31 feet to the POINT OF BEGINNING

CONTAINING 1.004± acres of land, more or less.

SUBJECT TO any exceptions, reservations, rights, easements, agreements, covenants and provisions contained in the following deeds:

1) A conveyance to Consolidated Rail Corporation to Mohawk, Adirondack & Northern Railroad Corporation recorded in the Jefferson County Clerk's Office in Liber 1263 at Page 31 on June 17, 1991.

2) A conveyance to Mohawk, Adirondack & Northern Railroad Corporation to Jefferson County Industrial Development Agency recorded in the Jefferson County Clerk's Office as Instrument 2003-996 on January 23, 2003.

3) A conveyance to Jefferson County Industrial Development Agency to Mohawk, Adirondack & Northern Railroad Corporation recorded in the Jefferson County Clerk's Office as Instrument 2013-1857 on February 08, 2013.

SUBJECT TO rights reserved by the Village of Carthage in a deed recorded in the Jefferson County Clerk's Office in Liber 1350 at Page 300 on June 24, 1993.

SUBJECT TO an easement granted to Niagara Mohawk Power Corporation by deed recorded in the Jefferson County Clerk's Office in Liber 1456 at Page 182 on May 23, 1995.

SUBJECT TO any public right, title or interest in and to Brown Street, Mechanic Street and Furnace Street.

THE LANDS described herein are subject to any other rights, restrictions, easements, or covenants of record expressed or implied by usage or custom.

IT BEING the intent to describe a portion of the lands conveyed by Jefferson County Industrial Development Agency to Mohawk, Adirondack and Northern Railroad by deed recorded in the Jefferson County Clerk's Office as Instrument 2013-1857 on February 08, 2013 and a portion of the lands conveyed by the Village of Carthage to Mohawk, Adirondack and Northern Railroad by deed recorded in the Jefferson County Clerk's Office in Liber 1350 at Page 300 on June 24, 1993, as shown on a map titled "Subdivision Map of a 1.004 Acre± Portion of the Lands of Mohawk, Adirondack & Northern Railroad Corporation, Prepared for Railstarusa LLC, Village of Carthage, County of Jefferson, State of New York", dated November 26, 2019, last revised December 13, 2019, prepared by GYMO, Architecture, Engineering & Land Surveying, D.P.C., Watertown, New York.

MOHAWK, ADIRONDACK & NORTHERN RAILROAD CORPORATION

and

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

2017 PAYMENT-IN-LIEU-OF-TAX AGREEMENT

(JEFFERSON COUNTY, NEW YORK)

Dated as of February 28, 2017

Taxing Authorities:
See Schedule B attached hereto

Tax Parcels:
See Schedule C attached hereto

2016 PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS AGREEMENT, dated as of February 28, 2017, is between MOHAWK, ADIRONDACK & NORTHERN RAILROAD CORPORATION, a corporation organized and existing under the laws of the State of New York, having its office and a principal place of business at One Mill Street, Suite 101, Batavia, New York 14020, duly organized and validly existing under the laws of the State of New York (the "Company") and the JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York having its principal office at 800 Starbuck Avenue, Watertown , New York, 13601 (the "Agency").

WITNESSETH:

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 918 of the Laws of 1971 of the State of New York, as amended (collectively, the "Act"), the Agency was created with the authority and power to undertake, among other things, the acquiring, constructing, renovating and equipping of certain industrial facilities as authorized by the Act; and

WHEREAS, the Company, has requested the Agency's assistance with a certain project (the "Project") consisting of (A) the renovation, modernization and equipping of an existing commercial railroad (the "Improvements") located on a strip of land in Jefferson County as more fully described in Schedule A attached hereto and made a part hereof (the "Land" and with the Improvements are collectively the "Facility"), and (B) operating the Facility; and

WHEREAS, the Agency has agreed to lease the Facility to the Company pursuant to the terms and conditions of a certain Lease Agreement, dated as of the date hereof (the "Lease Agreement") such that title will remain in the Agency throughout the Lease Term (as that term is defined in the Lease Agreement); and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from the payment of taxes and assessments imposed upon real property owned by it, or under its jurisdiction, control or supervision, other than special ad valorem levies, special assessments and service charges against real property which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provision for payments in lieu of taxes by the Company to the Agency for the benefit of the Taxing Authorities, as defined in Schedule B attached hereto;

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

1. (a) As long as the Lease Agreement is in effect, the Company agrees to make payments in lieu of all real estate taxes and assessments, in addition to paying all special ad valorem levies, special assessments and service charges against real property located within the Taxing Authorities which are or may be imposed for special improvements or special district improvements which would be levied upon or with respect to the Facility if the Facility were owned by the Company and not by the Agency (the "Taxes on the Facility"). The amounts of such payments in lieu of real estate taxes and assessments and method for calculation are set forth herein.

(b) Reserved.

(c) Each January 1, commencing with January 1, 2017, the Company shall pay, as payments in lieu of taxes and assessments, the amounts set forth on Exhibit A attached hereto and made a part hereof. Payments made after January 1 as set forth in the applicable tax bills shall accrue interest (and penalties) at the rates applicable to late payments of taxes for the respective Taxing Authorities and as further provided in the General Municipal Law, including Section 874(5) thereof, which currently provides for a penalty of five percent (5%) of the amount then due and interest, at the rate of one percent (1%) per month on payments more than one month delinquent.

(d) Reserved.

(e) During the term of this Agreement, the Company shall continue to pay all special ad valorem levies, special assessments, and service charges levied against the Facility for special improvements or special district improvements.

(f) Reserved.

(g) The Company agrees that it shall be entitled to no more than a total of fifteen (15) years of tax benefits relative to the Facility. Accordingly, this Agreement shall terminate at the conclusion of the fifteenth (15th) year after the effective period of this PILOT Agreement, except for early termination otherwise provided for herein.

2. Other than upon early termination under the Lease Agreement, in the event that title to the Facility or any part thereof is transferred from the Agency to the Company at such time in reference to any taxable status date as to make it impossible to place such Facility or part thereof on the tax rolls of the Taxing Authorities, or appropriate special districts, as the case may be, by such taxable status date, the Company hereby agrees to pay at the first time taxes or assessments are due following the taxable status date at which such Facility or part thereof is placed on the tax rolls, an amount equal to the taxes or assessments which would have been levied on such Facility or part thereof had it been on the tax rolls from the time the Company took title until the date of the tax rolls following the taxable status date as of which such Facility or part thereof is placed on the tax rolls. The provisions of this paragraph 2 shall survive the termination or expiration of the Lease Agreement.

3. In the event the Facility or any part thereof is declared to be subject to taxation for taxes or assessments by an amendment to the Act, 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.

4. In the event the Company enters into a subsequent PILOT Agreement or Agreements with respect to the Taxes on the Facility directly with any or all Taxing Authorities under whose jurisdiction the Facility is located, the obligations of the Company hereunder which are inconsistent with such future Agreement or Agreements shall be superseded and shall, to such extent, be null and void.

5. The following shall constitute "Events of Default" hereunder. The failure by the Company to: (i) make the any payments hereunder when due; or (ii) any event of default under the Lease Agreement. Upon the occurrence of any Event of Default hereunder, in addition to any other right or remedy the Agency and/or the Taxing Authorities may have at law or in equity, the Agency and/or Taxing Authorities may, immediately and without further notice to the Company (but with notice to the Agency with respect to actions maintained by the Taxing Authorities) pursue any action in the courts to enforce payment or to otherwise recover directly from the Company any amounts so in default. The Agency and

the Company hereby acknowledge the right of the Taxing Authorities to recover directly from the Company any amounts so in default pursuant to Section 874(6) of the General Municipal Law and the Company shall immediately notify the Agency of any action brought, or other measure taken, by any Taxing Authorities to recover any such amount.

6. The Company, in recognition of the benefits provided under the terms of this Agreement including, but not limited to, the formula for payments in lieu of taxes set forth in Exhibit A hereto, and for as long as the Lease Agreement is in effect, expressly waives any rights it may have for any exemption under Section 485-a or 485-b of the Real Property Tax Law or any other exemption under any other law or regulation (except, however, for the exemption provided by Article 18-A of the General Municipal Law) with respect to the Facility. The Company, however, reserves any such rights with respect to all special ad valorem levies, special assessments and service charges levied against the Facility referred to in Paragraph 1(e).

7. Except as otherwise provided herein, any notice required to be given by or under this Agreement shall be deemed to have been duly given when delivered and, if delivered by mail, shall be sent by certified 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:

To the Agency:

Jefferson County Industrial Development Agency
800 Starbuck Avenue
Watertown, New York 13601
Attention: Donald Alexander, Chief Executive Officer

With a copy to:

Menter, Rudin & Trivelpiece, P.C.
120 Washington St., Suite 500
Watertown, New York 13601
Attention: Joseph W. Russell, Esq.

To the Company:

Mohawk, Adirondack & Northern Railroad Corporation
One Mill Street, Suite 101
Batavia, New York 14020
Attention: David J. MonteVerde, President

With a copy to:

John S. Herbrand, Esq.
P.O. Box 17727
Rochester, New York 14617-0727

With a copy to:

Those Taxing Authorities listed on Schedule B attached hereto.

Notice by mail shall be effective when delivered but if not yet delivered shall be deemed effective at 12:00 p.m. on the third business day after mailing.

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

9. All taxes, assessments, special assessments, service charges, special ad valorem levies, or similar tax equivalents due or to become due based upon prior taxable status dates shall be paid by the Company when due.

10. Upon termination of the Lease Agreement this PILOT Agreement shall terminate.

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

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

13. The Company agrees to hold the Agency harmless from and against any liability arising from any default by the Company in performing its obligations hereunder or any expense incurred under this Agreement, including any expenses of the Agency, including without limitation reasonable attorneys' fees.

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

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

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

17. The Company acknowledges receipt of the Agency's Uniform Tax Exemption Policy Amended and dated February 3, 2004, the terms of which are incorporated herein by reference. The

Company acknowledges and agrees that, in addition to any other remedies that may be available to the Agency, all or part of the benefits conferred on the Company hereunder may be subject to recapture pursuant to the provisions of such Uniform Tax Exemption Policy and the Agency's Recapture Policy dated July 7, 2016 as the same may be amended or restated from time to time, copies of which is attached hereto as Exhibit B.

IN WITNESS WHEREOF, the parties hereto have executed this PILOT Agreement as of the date first written above.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: [redacted]
Name: Donald C. Alexander
Title: Chief Executive Officer

MOHAWK, ADIRONDACK & NORTHERN RAILROAD CORPORATION

By: [redacted]
Name: John S. Herbrand
Title: Secretary

EXHIBIT A

TO PILOT AGREEMENT DATED AS OF
FEBRUARY 28, 2017, BY AND BETWEEN
JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT
AGENCY (THE "AGENCY") AND
MOHAWK, ADIRONDACK & NORTHERN
RAILROAD CORPORATION (THE "COMPANY")

"Total PILOT Payment" for each calendar year during the term of the Lease shall be calculated as follows based upon rail shipments originating or terminating on the Newton Falls Secondary, as that term is defined in the Lease and Operating Agreement, dated as of February 28, 2017, by and between the Agency and the Company:

"Total Rail Car Payments" shall be calculated as follows:

a. First 1,500 freight cars in each calendar year - no charge
b. For freight cars 1,501+ in each calendar year - $35 per freight car thereafter
c. First 1,200 stone cars in each calendar year - no charge
d. For stone cars 1,201+ in each calendar year - $10 per stone car thereafter
e. For each calendar year in which total cars exceed 2,000, $5 per freight car until freight cars exceed 1,500, then $35 per freight car thereafter as provided in b, above, and $5 per stone car until stone cars exceed 1,200, then $10 per stone car thereafter as provided in d, above.

▪ As used above, the term "freight cars" shall mean revenue-generating loaded railcars containing other than aggregate commodities, and the term "stone cars" shall mean revenue-generating loaded railcars containing aggregate commodities.

▪

Total PILOT Payment to Jefferson County under the Lease Agreement shall be an amount determined by multiplying Total Rail Car Payments by a fraction, the numerator of which is the length of rail line within Jefferson County (6.66) and the denominator of which is the entire length of the Newton Falls Secondary line of railroad from Carthage to Newton Falls, New York (46.15 Miles).

In any year in which Total Rail Car Payments exceed $30,000.00, Jefferson County's portion of each $1.00 thereafter shall be applied to payments under Section 1(c) of this PILOT Agreement.

COUNTY	MILEAGE	PERCENTAGE
ST. LAWRENCE	24.45	53.7
LEWIS	14.45	31.7
JEFFERSON	6.66	14.6
TOTAL	45.56	100

EXHIBIT B

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
UNIFORM TAX EXEMPTION POLICY
Amended: February 3, 2004, Review Date 10/01/15

I. Statement of Purpose:

The Jefferson County Industrial Development Agency (JCIDA), in accordance with the New York State General Municipal Law (NYS GML) Section 874 is exempt from real property, sales and mortgage taxes. By obtaining a passive interest in the property title of economic development projects, the JCIDA can confer on those projects the advantages of such tax exemptions, thereby enhancing the projects' success and increasing its ability to provide a positive impact to the economy of the County and the residents thereof. It is the intention of the JCIDA that the operation of this policy will enhance the tax base of the County by facilitating projects that would have otherwise been deferred or located elsewhere. The provision of tax abatements by the JCIDA in this manner shall be governed by the content of this policy statement.

II. Policy and Process

A. The JCIDA shall assess and determine the economic impact of a project by use of market analysis, employment generation, taxation and assessment generation, economic impact, and/or community support, and shall approve projects for Payment in Lieu of Tax (PILOT) based upon this economic assessment. The impact of a proposed project on existing and proposed businesses and economic development projects in the vicinity. The amount of private sector investment generated or likely to be generated by a proposed project. The likelihood of accomplishing a proposed project in a timely fashion. The extent to which a proposed project will require additional services such as education, transportation, police, emergency, medical or fire. The extent to which a project will provide additional sources of revenue for municipalities and school districts.

B. The JCIDA shall notify each affected taxing jurisdiction of a pending project. Said notification shall be in written form and include the economic assessment, in advance of the date of the voting on a resolution of inducement by the JCIDA.

C. The JCIDA will retain the ability to grant an exemption of PILOT greater than the schedules contained herein on projects which have unique significance based upon recommendations or agreement of the affected taxing jurisdictions or findings by JCIDA.

D. The assessed valuation of the facility and any improvement shall be the determination of the taxing and assessing jurisdictions for the applicable year, and shall be based upon the percentage of completion of the facility and improvements as established by the assessing jurisdiction.

E. The PILOT Agreement shall contain:

1. For Payment in lieu of Real Property Taxes, a combined schedule as warranted, consisting of "X" and "Y" payments as follows:

a. The "X" payment shall consist of one hundred (100%) percent of the annual assessment and taxation applicable and due on the existing facility and property as of the date of transfer to the JCIDA.

b. The "Y" payment shall consist of the percentage of applicable project exemption entitlement reflected herein for the applicable year, applied to the additional assessment resulting from new property acquisition, construction and/or facility improvements. The equivalent taxes shall be established by applying the actual annual tax rate for each taxing jurisdiction.

The procedure for governing a PILOT and instances in which real property appraisals are to be performed as part of an application for tax assessment. The procedure will provide for the statutory penalty of 5% of the amount due for delinquent PILOT payments.

2. An exemption for sales tax on taxable items incorporated into a project. No sales tax exemptions shall be given for the operation of a project.

3. No payment in lieu of mortgage recording tax shall be made.

4. A provision for the recapture of the benefits afforded by the agreement in the event that the economic activity pledged by the project operator does not occur to the satisfaction of the JCIDA. These provisions will be more particularly described elsewhere in this policy.

5. Each PILOT Agreement shall contain language that addresses the ability of the project operator to contest the assessment of the subject property. One of three approaches shall be utilized:

a. A floating assessment as may be determined from time to time by the local assessor. In such cases, the assessor shall maintain the right to establish and adjust the assessment during the term of the PILOT agreement, and the operator shall maintain the right to contest the assessment as provided for in New York State Law.

b. An alternative dispute resolution procedure that allows for a third party appraisal process to establish an assessment level.

c. A fixed payment or fixed assessment approach that establishes the assessment level for the term of the PILOT agreement. In such cases, both the assessor and the operator agree to forfeit any rights to adjust or contest the assessment level during the term of the PILOT agreement.

F. As a means to establish the PILOT program as a reliable economic development tool, and in accordance with the provisions of Article 18A of the NYS GML, the JCIDA has the authority to implement a PILOT with an eligible project, provided such PILOT and its implementation conforms with the procedures and provisions of this policy. However, staff of the Agency shall take the steps necessary to reasonably acquaint the affected taxing jurisdictions regarding the parameters of the proposed agreement, the project operator, the nature of the project and the extent of economic impact. The staff, in concert with the Agency Board of Directors shall attempt to address any concerns raised by the Affected Taxing Jurisdictions, and to overcome any objections prior to implementing a PILOT agreement. In any case, the JCIDA shall only directly implement PILOT agreements that conform to

this uniform policy and, are for projects that benefit a manufacturer, or are projects that are located in the Watertown Empire Zone.

G. Except for Empire Zone Projects, no Commercial/Retail Facilities/Office Buildings/Community Facilities PILOT will be given without the consent of all affected taxing jurisdictions.

III. Real Property Tax Abatement Schedules

A. Definitions:

1. Industrial/Manufacturing.

Manufacturing or production means one or both of two processes: Transforming or Fundamentally changing raw materials or personal property. Combining or assembling items of personal property to create another distinct item.

These terms include construction, reconstruction, or making of property out of scrap, salvage or junk material as well as from new or used raw material or items, whether solid, liquid, or other form by processing, manipulating, refining, mixing or changing the form of an article or by joining, combining or assembling two or more articles to produce tangible personal property.

2. Warehousing/Distribution Facilities.

These facilities constitute manufacturing operations if these facilities are subordinate to, and ancillary to, direct manufacturing operations.

3. Commercial/Retail Facilities/Office Buildings/Community Facilities/Not-for- Profit Facilities.

These facilities shall mean the construction of a new building or structure, or the modernization, rehabilitation, expansion, or improvement of an existing building or structure, or the acquisition of machinery and equipment to be used for the buying, selling or otherwise providing of retail goods or services to the general public, or any facility operated on a not-for-profit basis as defined in NYS GML Section 854 (13).

B. Exemption Schedules:

1. Manufacturing/Industrial Facilities. The Manufacturing/Industrial Facility exemption schedule shall have three alternative levels of abatement applicable, dependent upon the relative economic impact of the proposed project. The greater the economic benefit, the greater the recommended abatement. The recommended entitlement shall be reflected in the economic assessment prepared by the JCIDA (Attachment 1). The JCIDA shall select the appropriate schedule based on the economic impact expected by the project.

a. The levels of abatement, in order of largest to smallest exemption, are as follows:

(1) 15 years, 50%. This PILOT for real property taxes will be for a fifteen (15) year term. The project will be seventy-five (75%) percent exempt for years on through five, fifty (50%) percent for years six through ten, and twenty-five (25%) percent exempt for years eleven through fifteen. After year fifteen, the exemption would terminate. This would result in a fifty (50%) percent total exemption during the fifteen year period. No in lieu of sales tax payments shall be made during the construction and equipping of the project, nor will any in lieu of mortgage recording tax payments be made.

(2) 15 years, 35%. This PILOT will be for a fifteen (15) year term. In year one, the project would be seventy (70%) percent exempt. The exemption would decline five (5%) percent each year for the next fourteen years. At year fifteen, the exemption would be zero (0%) percent. This would result in a thirty-five (35%) percent exemption during the fifteen year period. No in lieu of sales tax payments shall be made during the construction and equipping of the project, nor will any in lieu of mortgage recording tax payments be made.

(3) 10 years, 28%. This PILOT will be for a ten year period. In year one, the project would be fifty (50%) percent exempt. The exemption would decline by (5%) percent each year for the next nine years. After year ten, the exemption would terminate; this would result in a twenty-eight (28%) percent total exemption during the ten year period.

2. Watertown Empire Zone Projects. This PILOT is intended to put into effect the regular EZ 485-e benefit. Where a project is located within the Empire Zone, and the operator is a Zone Certified Business, the business may elect to apply to the City or Town of Watertown to utilize a PILOT that reflects the exemption schedule provided for in Section 485-e of the Real Property Tax Law. There are no fees associated with the 485-e nor does it require the consent of any taxing jurisdictions. The 485-e schedule is as follows:

Year 1	100%	Year 7	100%
Year 2	100%	Year 8	75%
Year 3	100%	Year 9	50%
Year 4	100%	Year 10	25%
Year 5	100%	Year 11	0%
Year 6	100%		

3. Commercial/Retail Facilities/Office Buildings/Community Facilities/Not-for-Profit Facilities.

A. The JCIDA shall only provide such assistance to retail facilities in accordance with the restrictions contained in NYS GML Section 862 (2).

B. Commercial/Retail Facilities/Office Buildings/Community Facilities/Not-for-Profit Facilities shall have the following exemption schedule:

Year of Exemption	Amount of Exemption
1	50%
2	45%
3	40%
4	35%
5	30%
6	20%
7	10%
8 and after	0%

IV. Recapture of Benefits

A. The JCIDA shall periodically review the economic impact of each of the projects to which it holds title. This will be done sooner where it is obvious that significant deviation from the original intent of the project is realized.

B. All PILOT agreements will contain provisions that allow for the recapture of past, and cancellation of future tax abatements. In determining the extent of recapture or cancellation, the JCIDA shall consider the extent to which the company has met its proposed economic impacts.

C. The following policy concerning recapture of the abated taxes shall apply.

1. Sale or closure of the facility. The PILOT is terminated immediately, and the property deeded back to the operator.

2. Significant employment reductions. If after careful examination, this is to be a temporary situation, no action will be taken. If the situation is deemed permanent, then the abatement will be reduced by up to 100%, and/or recapture of past tax benefits can be pursued, at the discretion of the JCIDA and in consultation with the affected taxing jurisdictions.

3. Significant change in the use of the facility. If the change still is consistent with acceptable JCIDA policy and there is insignificant job loss, no action will be taken. If this change falls outside acceptable JCIDA policy, then the withdrawal of entire abatement and/or recapture of past tax benefits can be pursued at the discretion of the JCIDA and in consultation with the affected taxing jurisdictions.

V. Deviations from Policy

A. There are several factors that the JCIDA will consider in determining whether to deviate from these policies. The JCIDA will reserve discretion to deviate on a case-to-case considering all factors the JCIDA deems relevant. These deviations from the standard policy will require written notification with reason to the Chief Executive Officer of each affected taxing jurisdiction. These factors include bur are not necessarily limited to the following:

B. If the project contains significant economic impact on the area such as major job retention or attraction.

C. Abatements for projects, which are extremely expensive but provide little in the way of new jobs, would be negotiated by the taxing jurisdictions and the developer with the JCIDA in attendance.

D. If the taxing entities in a particular area of the County ask the JCIDA to provide Real Estate Tax Abatements for a proposed project which would fall outside the JCIDA policy, then this request would be considered.

E. Any PILOT that represents a deviation from this policy shall require the consent of all affected taxing jurisdictions.

VII. Sales Tax Exemption

A. This exemption will apply only to the construction/renovation and equipping period when the original project is completed and will be for the full amount of the sales tax (now 7.25%).

B. This will be reported to the State Department of Taxation and Finance in its annual report/audit to this Agency.

C. There will be no recapture of benefits in cases of deviation or closure of the project.

D. Any deviations from this policy will be made on a case-to-case basis with notification and comments from the Chief Executive Officer of each affected taxing jurisdiction.

VII. Mortgage Recording Tax Exemption

A. This exemption (currently .0075) will apply only to projects where mortgages are established under the JCIDA title and will be for initial construction, additions, or equipping.

B. There will be no recapture of benefits in cases of deviation or closure of the project.

C. Any deviations from this policy will be made on a case-to-case with notification and comments from the Chief Executive Officer of each affected taxing jurisdiction.

Jefferson County Industrial Development Agency
Recapture Policy
July 7, 2016

Below please find the language from the OSC legislation regarding Recapture Requirements

EACH AGENCY SHALL DEVELOP POLICIES FOR THE SUSPENSION OR DISCOTINUANCE OF FINANCIAL ASSISTANCE, OR FOR THE MODIFICATION OF ANY PAYMENT IN LIEU OF TAX AGREEMENT TO REQUIRE INCREASED PAYMENTS UNDER CIRCUMSTANCES AS SPECIFIED IN THE POLICY, WHICH MAY INCLUDE BUT SHALL NOT BE LIMITED TO EVENTS OF MATERIAL VIOLATION OF THE TERMS AND CONDITIONS OF A PROJECT AGREEMENT.

EACH AGENCY SHALL DEVELOP POLICIES FOR THE RETURN OF ALL OR A PART OF THE FINANCIAL ASSISTANCE PROVIDED FOR THE PROJECT, INCLUDING ALL OR PART OF THE AMOUNT OF ANY TAX EXEMPTIONS, AS SPECIFIED IN THE POLICY, WHICH MAY INCLUDE BUT SHALL NOT BE LIMITED TO MATERIAL SHORTFALLS IN JOB CREATION AND RETENTION PROJECTIONS OR MATERIAL VIOLATIONS OF THE TERMS AND CONDITIONS OF PROJECT AGREEMENTS. ALL SUCH RETURNED AMOUNTS OF TAX EXEMPTIONS SHALL BE REDISTRIBUTED TO THE APPROPRIATE AFFECTED TAX JURISDICTION, UNLESS AGREED TO OTHERWISE BY ANY LOCAL TAXING JURISDICTION.

In the first paragraph there are two basics concepts relating to termination or modification of PILOT's

1. IDA's should have a written policy for the termination/discontinuance of PILOT's if a project does not meet or violates a material term or condition identified in the Inducement Resolution and or Project Agreement or IDA policy, or

2. IDA's should require increased PILOT payments if a project does not meet or violates a material term or condition of the Project Agreement or IDA Policy

The second paragraph generally outlines the Recapture Requirement

1. Each IDA shall have a Recapture Policy for all or a portion of assistance as specified in the IDA policy for material shortfalls in "Material Factors" which may include, but not limited to job creation and or retention projections, or material term of the IDA Project Agreement.

2. Requires that any Recapture funds be returned to the appropriate affected taxing jurisdictions unless otherwise agreed to by the taxing jurisdiction.

*Minimally our Best Practice Policy Recommendation needs to meet the above requirements:

Key Components

Purpose:
To establish a procedure and policy to be compliant with the new OSC legislation, that would establish Material Factors which would be used to determine if a company which is receiving IDA financial

assistance is meeting the obligations required and stated in the IDA approval and project agreements, and if not, to establish a process to review and determine if a reduction, termination and/or recapture of financial assistance is required.

Material Factors:

For each project seeking financial assistance the IDA Board will establish Material Factor(s) which are to be defined and stated in the approving board resolution and project agreements. Material Factors should be explicit and measurable and may include items such as investment, job creation, retention or other factors as determined by the board. Material Factors may vary by project type or specific application. Each project approved by the IDA board will have identified material factors, which will be measured and evaluated to determine if a project receiving financial assistance has met and or continues to meet the required obligations as set by the IDA board at the time of project approval.

For certain numerical Material Factors such as, job creation, investment amount etc., it is recommended that each board set an acceptable achievement factor, which would constitute compliance with the Material Factor requirement, such as 85% of job creation or retention goals. For non-numeric factors each board should determine how the project will be evaluated to demonstrate that it has met the Material Factor requirement.

Each IDA board may consider a number of Evaluative Criteria when determining whether to approve a project for financial assistance, however a Material Factor shall differ from Evaluative Criteria in that it should be directly measurable and will be utilized to determine whether a project has met its requirements under the condition of project approval and project agreement.

*A separate best practice group is working on recommendations for Evaluative Criteria based on project type.

Material Factor Monitoring:

Each IDA shall develop a reporting/monitoring system to determine whether the Material Factors have been met or are being met over the term of the financial assistance, such as the duration of the PILOT agreement. Some Material Factors may be required and complied with over the term of the financial assistance, i.e. jobs, others may be a onetime check, i.e. project investment. For Material Factors that are multi-year, IDA's should monitor for compliance on at least an annual basis, and for the full term of the financial assistance period. Upon project approval the IDA Board should be explicit in its project approvals the Material Factors which the project will be evaluated for, the measurable criteria, and the term for which each factor will be monitored.

Monitoring reports maybe provided directly by the project applicant, from IDA staff, field visits, or through various other methods as determined by the IDA Board. Monitoring efforts should be documented in writing to verify compliance with Material Factor requirements.

Monitoring and compliance reports should be presented to the Board of Directors on an annual basis. If it is determined that a project receiving financial assistance has not met or maintained compliance with a Material Factor, term or condition of the project agreement, or any other condition as set by the board, each IDA shall develop a procedure to resolve non-compliance issues, or any undertake termination, reduction or recapture efforts

Non-Compliance Process:
If a company is found to be in violation or non-compliant with a Material Factor during the course of the compliance period, the IDA shall have a written procedure to determine if an action by its Board is necessary.

If during the annual monitoring and or reporting period it is found that a company which is receiving financial assistance which shall be defined as Sales, PILOT or Mortgage Recording Tax incentives, the IDA shall undertake the following:

1. The IDA shall notify the company in writing that in the Agency's determination they are or have violated a Material Factor.
2. The company shall be given an opportunity to remedy the violation.
3. The IDA shall seek additional information/explanation from the company as to why a Material Factor was not achieved. These may include economic or natural factors that led to the default. These factors should be discussed and predetermined to the extent possible by the Board and may include items such as, natural disaster, industry dynamics, unfair competition or economic events that were outside the control of the company.
4. The company shall be provided the opportunity to present before the IDA Board or designated committee, any information as outlined in #3 above regarding why the Material Factor was not achieved.

Board Actions:
Actions regarding taking no action to recapture benefits, reduction, termination or recapture of financial assistance should be made by the IDA Board. The following options are recommended as considerations for IDA actions when considering Material Factor compliance or violations of terms and conditions of project agreements.

1. Upon a review of the facts regarding a non-compliance determination the IDA Board may determine that the cause of the non-compliance was a valid reason for not meeting the Material Factor and may consider the matter closed without further action, or set a specific time period to give the opportunity for the company to achieve compliance, this may also be accompanied by a period of increased reporting. (ie: Review violated Material Factor(s) quarterly until remedied)

2. If a company is ultimately unable to meet a Material Factor or is in continued violation of the terms and conditions as set forth in the project agreement, the IDA Board shall develop procedures and policies which will define when it will take actions regarding reduction, termination or recapture of financial assistance. Below are listed several best practice options that may be undertaken

Reduction of Financial Assistance: At the discretion of the IDA Board, it may consider a reduction in assistance as an appropriate action to take in the event of a Material Factor or project agreement non-compliance. The reduction may be set at the sole discretion of the board, or may be based on a pro-rata basis, depending on the extent of the Material Factor non-compliance. As an example a project may have met 3 out of 4 Material Factors and the board could consider a 25% reduction in PILOT scheduled abatements, or a project may have only met 80% of a specific Material Factor, ie: job creation or investment and a 20% reduction in

assistance may be considered. This same pro-rata concept may be applied to Material Factors which are multi-year and are enforced over the term of a PILOT, ie: project met job retention goals for 8 of 10 years etc.

Termination of Financial Assistance: In addition to the typical reasons why an IDA may act to terminate financial assistance such as, closure, change of use, change of ownership etc., an IDA Board may elect to terminate any ongoing financial assistance to a company. Reasons for termination should be explicit and may include continued non-compliance with a Material Factor, continued violation of the terms and conditions of the Project Agreement, failure to comply with ongoing reporting or compliance requirements of the agency, and an action by the IDA Board to recapture financial assistance which shall be accompanied by a termination of ongoing financial assistance.

Recapture of Financial Assistance: An IDA Board may take action to Recapture a portion or all of the Financial Assistance provided to a company. Actions to Recapture shall be made by decision of the IDA Board and shall be reserved for continued and/or severe violations of Material Factors or the terms and conditions of the Project Agreement. An event leading to recapture may include: an applicant knowingly providing false information on an application or a compliance/monitoring report: IDA Board finding that the company did not make a good faith effort or have any intention of meeting a Material Factor or a term and condition of the Project Agreement: the company ceases operations and/or relocates prior to fulfilling the length of term for a Material Factor: the company demonstrates a wanton disregard for state and or local laws or regulations.

In the event an IDA is successful in receiving Recaptured Financial Assistance such funds shall be returned to the appropriate affected taxing jurisdictions unless otherwise agreed upon by the local taxing jurisdiction.

SCHEDULE A

Legal Description

All that strip of railroad land starting at the property line with CSX at MP 74.65 ± in the Village of Carthage (Parcel 86.40-2-37.51) commencing at the southerly margin of Adelaide Street and continuing in the direction of Newton Falls, excluding that portion of Parcel 86.40-2-37.51 from State Street in the Village of Carthage to the boundary with the Village of West Carthage that comprises of the rail line commonly referred to as the Lowville Industrial Track, to the Village of Carthage/Town of Wilna boundary (Parcel 86.00-2-6) continuing in the direction of Newton Falls to the Jefferson County boundary with Lewis County and then starting again at the Lewis County boundary with Jefferson County in the Town of Wilna (Parcel 78.00-2-21) and then continuing in the direction of Newton Falls to the Jefferson County boundary with Lewis County and then continuing from the Lewis County Boundary with Jefferson County in the Town of Wilna (Parcel 68.00-1-65) in the direction of Newton Falls to the Jefferson County boundary with Lewis County.

Schedule B

Taxing Authorities

Jefferson County, Carthage Central School District, the Village of Carthage and the Town of Wilna

Schedule C

Tax Parcels

Village of Carthage Tax Parcel #86.40-2-37.51
Town of Wilna Tax Parcel #68.00-1-65
Town of Wilna Tax Parcel #78.00-2-21
Town of Wilna Tax Parcel #86.00-2-6

MEMORANDUM of UNDERSTANDING

This MEMORANDUM of UNDERSTANDING, dated 14 November 2019, sets forth the common understanding and agreement of the parties hereto with respect to certain provisions of the following PAYMENT-IN-LIEU-OF-TAX AGREEMENTS (herein referred to individually as a "PILOT AGREEMENT" and collectively as the "PILOT AGREEMENTS"):

- The May 7, 2012 PILOT AGREEMENT by and between MOHAWK, ADIRONDACK & NORTHERN RAILROAD CORPORATION (MA&N) and ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (SLCIDA);
- The February 28, 2017 PILOT AGREEMENT by and between MA&N and JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY (JCIDA); and
- The December 20, 2017 PILOT AGREEMENT by and between MA&N and COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY (LCIDA).

WHEREAS EXHIBIT A to each of the PILOT AGREEMENTS calls for a "Total PILOT Payment" for each calendar year based upon rail shipments originating or terminating on the Newton Falls Secondary line of railroad with each of SLCIDA, JCIDA and LCIDA to receive a specified portion of $35 per revenue-generating loaded *freight car* in excess of 1,500 freight cars, and $10 per *stone car* in excess of 1,200 stone cars; and

WHEREAS all of the PILOT AGREEMENTS stipulate that the term "freight cars" shall mean revenue-generating loaded railcars containing other than aggregate commodities, and the term "stone cars" shall mean revenue-generating loaded railcars containing aggregate commodities; and

WHEREAS a potential project developer has requested MA&N to provide binding quotes for: (1) the shipment of crushed stone, treated stone and/or iron ore from Benson Mines to the end of the rail line in Carthage, New York; and, alternatively, (2) the shipment of crushed stone, treated stone and/or iron ore from Benson Mines to a proposed stone/ore processing facility (the "Facility") to be located between Benson Mines and Carthage, with further rail shipment from the proposed Facility of products and by-products resulting from such processing; and

WHEREAS MA&N's quotes for rail shipments from Benson Mines to Carthage over the Newton Falls Secondary line are predicated, in part, upon the "Total Rail Car Payments" payable by MA&N under the PILOT AGREEMENTS:

NOW, THEREFORE, the parties hereto set forth the following as their common understanding and agreement that:

1. The word "stone" as used in the PILOT AGREEMENTS shall be deemed to include (1) aggregates, crushed stone, treated stone and/or iron ore shipped by rail from Benson Mines; and (2) the products and by-products derived from aggregates, stone, and or iron ore.

2. For purposes of determining the number of rail shipments originating on the Newton Falls Secondary to calculate the "Total PILOT Payment" under Exhibits A to the PILOT AGREEMENTS, and assuming the minimum threshold of 2,000 rail car shipments in a calendar year is exceeded:

a. **STONE CAR Shipments:**
PILOT Payments of $5.00 each for the first 1,200 rail cars
PILOT Payments of $10.00 each for all additional rail cars over 1,200
Stone Car counts are calculated only on revenue generating rail cars leaving Benson Mines containing aggregate commodities, iron ore and/or stone. Rail car shipments containing products and by-products from the Facility shall be deemed to be continuation of the stone car shipments from Benson Mines and shall not be included in the Stone Car count.

b. **FREIGHT CAR Shipments:**
PILOT Payments of $5.00 each for the first 1,500 Freight rail cars
PILOT Payments of $35.00 each for all additional Freight rail cars over 1,500
Freight Car counts are calculated on revenue generating loaded Freight Car shipments along the Newton-Falls-Carthage secondary rail line, and do not include rail car shipments of products and by-products from the Facility.

c. **THRESHOLDS:**
If the minimum threshold of 2,000 total rail car shipments in a calendar year is not met, the PILOT Payments would reflect the reduced payments described in Exhibit A of the PILOT Agreement.

3. On the first day of February, May, August and November of each year during the terms of the PILOT AGREEMENTS, MA&N will furnish to each of SLCIDA, JCIDA and LCIDA a certified statement of rail car shipments (other than those originating at the Facility) originating or terminating on the Newton Falls Secondary. On February 1st and August 1st of each year MA&N shall pay to each of SLCIDA, JCIDA and LCIDA their pro-rata share of the Total PILOT Payment due under the PILOT AGREEMENTS for the preceding semi-annual period.

PILOT Payments will be made to each individual IDA based on track mileage within each County. St Lawrence County IDA will be paid 53.0% (24.45 miles), Lewis County IDA will be paid 31.3%

(14.45 miles) and Jefferson County IDA will be paid 15.7% (7.25 miles) of calculated Total PILOT Payment. Each County IDA will be responsible for paying individual jurisdictions within their respective Counties.

IN WITNESS WHEREOF, each of the parties hereto have caused this MEMORANDUM of UNDERSTANDING and AGREEMENT to be signed by its duly authorized representative.

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

[redacted]

By: _____

Its: Chief Executive Officer

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: _____

Its: _____

COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY

By: _____

Its: _____

MOHAWK, ADIRONDACK & NORTHERN RAILROAD CORPORATION

By: _____

Its: Secretary & General Counsel

(14.45 miles) and Jefferson County IDA will be paid 15.7% (7.25 miles) of calculated Total PILOT Payment. Each County IDA will be responsible for paying individual jurisdictions within their respective Counties.

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ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: _____

Its: _____

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: [redacted]

Its: CEO

COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY

By: _____

Its: _____

MOHAWK, ADIRONDACK & NORTHERN RAILROAD CORPORATION

By: _____

Its: Secretary & General Counsel

(14.45 miles) and Jefferson County IDA will be paid 15.7% (7.25 miles) of calculated Total PILOT Payment. Each County IDA will be responsible for paying individual jurisdictions within their respective Counties.

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ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: _____
Its: _____

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: _____
Its: _____

COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY

By: [redacted]
Its: Eric V. Klee Executive Director

MOHAWK, ADIRONDACK & NORTHERN RAILROAD CORPORATION

By: _____
Its: Secretary & General Counsel

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ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: _____
Its: _____

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: _____
Its: _____

COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY

By: _____
Its: _____

MOHAWK, ADIRONDACK & NORTHERN RAILROAD CORPORATION

By [redacted]
Its: Secretary & General Counsel