PAYMENT IN LIEU OF TAXES AGREEMENT

THIS AGREEMENT, by and between **WATERTOWN INDUSTRIAL CENTER LOCAL DEVELOPMENT CORPORATION,** a New York local development corporation having an address of 800 Starbuck Avenue, Watertown, New York 13601 ("**WICLDC**") 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**"),

W I T N E S S E T H :

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 acquired by Deed the WICLDC's facilities known as buildings A, B, C, and D (the "**Facility**") located at 800 Starbuck Avenue, City of Watertown, Jefferson County, New York.; and

WHEREAS, the Agency leased the Facility to the WICLDC pursuant to a Lease Agreement dated September 21, 1995; and

WHEREAS, the parties hereto pursuant to an amendment (the "**Amendment**") to the Lease Agreement wish to extend the term of the Lease to December 31, 2025; and

WHEREAS, the WICLDC sub-leases portions of the Facility primarily to start-up or small businesses engaged in manufacturing or commercial business at a reduced rent thereby giving these businesses an opportunity to get started and grow (the "**Project**"). At the present time, these businesses employ over 187 people.

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, by Resolution dated March 3, 2016, the Agency authorized the Amendment; and

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

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

WHEREAS, it is the intent that the calculated PILOT payments be equal to 100% of the amount of taxes that would be due on the occupied portions of the buildings as if not exempt and that the vacant portions of the building would be 100% tax exempt;

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

1. For the purpose of payments to be made pursuant to this Agreement, they shall begin on July 1, 2016 (the "**Commencement Date**").

2. Commencing on the Commencement Date and for the period set forth below, or until the earlier termination of the Lease Agreement as amended, the WICLDC agrees to pay in lieu of all real estate taxes which would be levied upon the Facility during such tax years as if the Facility were owned by the WICLDC and not by the Agency, the amounts determined according to the following formula:

PILOT = EA x ATR

WHERE

PILOT = Amount of payment in lieu of taxes due to the Taxing Jurisdictions for the applicable tax year.

EA = Effective Assessment is the sum of the values of the three Component Building Uses minus the value attributed to the unoccupied portions.

ATR = Actual Tax Rate for the respective Taxing Jurisdictions for the applicable year.

Component Building Uses = Office Space, Flex Space and Subpar

Office Space = Areas with a higher level of finish or used as an office open to the public. This will not include offices ancillary to Flex Space that is not separately leasable and whose area is less than 10% of the parent Flex Space.

Flex Space = Areas in a condition and configuration making them usable with minimal or no improvement. All space determined not to be Office Space or Subpar will be considered Flex Space.

Subpar = Areas that require major improvement and/or reconfiguration to be leasable. Space that is actively used with plans for imminent major improvement or replacement may be considered Subpar.

The per square foot value for each Component Building Use, is calculated using the average value of all the space comprising said component, and is subject to change each

year based upon major construction/demolitions, market changes and changes to the City's level of assessment.

The component values and the area breakdown for the 2016 tax roll year are as follows:

Component	Office Space	Flex Space	Subpar
Value per Square Foot	$25.45	$7.28	$3.05
Square feet	20,926	85,727	71,279

which results in a Total Assessment of $1,374,060.21 for 2016, which then must be reduced by the occupancy rate to result in the Effective Assessment.

Changes to the classification of spaces are at the discretion of the City Assessor in consultation with a representative of the WICLDC.

The WICLDC retains all rights to grieve assessments as afforded by the Real Property Tax Law.

The WICLDC agrees to notify the City Assessor of any construction/demolition, change of use and the level of occupancy as of each December 1st on or before December 15th.

3. This Agreement shall terminate, unless it is terminated sooner pursuant to the Lease Agreement or any other provisions of this Agreement, on December 31, 2025 ("Termination Date") at which time the parties agree that the Lease for the Facility shall terminate and that the Agency will convey back the Facility to the WICLDC.

4. The WICLDC 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 WICLDC 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 WICLDC, immediately the 100% of Real Property taxes would be due if the Facility was owned by the WICLDC rather than by the Agency.

5. In the event that the Facility is transferred from the Agency to the WICLDC, the 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 WICLDC 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 Facility be conveyed to the WICLDC 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 WICLDC.

6. 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, CEO

With a copy to: Menter, Rudin & Trivelpiece, P.C.
120 Washington Street, Suite 500
Watertown, New York 13601
Attn: Joseph W. Russell, Esq.

If to the WICLDC: Watertown Industrial Center Local Development Corporation
800 Starbuck Avenue
Watertown, New York 13601
Attn: Donald W. Rutherford, President

With a copy to: Schwerzmann & Wise, P.C.
137 Main Avenue
Watertown, New York 13601
Attn: Keith B. Caughlin, Esq.

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

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

9. This Agreement may not be assigned by the WICLDC without the Agency's consent.

10. 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.

[Remainder of page intentionally left blank; signature pages to follow]

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: March 31, 2016

WATERTOWN INDUSTRIAL CENTER LOCAL DEVELOPMENT CORPORATION

By: [redacted]
Name: Donald W. Rutherford
Title: President

Date: March 31, 2016

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: [redacted]
Donald C. Alexander, CEO

SCHEDULE "A"
(Legal Description of Land)

Description to LDC Parcel.

ALL THAT TRACT OR PARCEL OF LAND, situate in the City of Watertown, County of Jefferson, State of New York, and being further described as follows: BEGINNING at an Iron pipe set in the easterly street margin of Plaza Drive in the assumed boundary line between the City of Watertown to the south and the Town of Pamelia to the north; thence South 67° 52' 42" East along the line between the City of Watertown to the south and the Town of Pamelia to the north, a distance of 433.83 feet to an iron pipe set; thence South 33° 39' 43" East, a distance of 453.90 feet to an iron pipe set; thence North 56° 20' 17" East, a distance of 260.00 feet to an iron pipe set; thence South 33° 36' 42" East, a distance of 389.88 feet to an iron pipe set; thence South 55° 39' 48" West, a distance of 64.00 feet to an iron pipe set; thence South 33° 36' 42" East, a distance of 164.00 feet to an iron pipe set; thence North 55° 39' 48" East, a distance of 64.00 feet to an iron pipe set; thence South 33° 36' 42" East, a distance of 132.13 feet to a fence corner post; thence North 55° 30' 06" East, a distance of 195.70 feet to an iron pipe set; thence South 29° 28' 21" East, a distance of 428.39 feet to an iron pipe set; thence South 55° 57' 18" West, a distance of 532.71 feet to an iron pipe set; thence North 33° 40' 36" West, a distance of 52.91 feet to a point; thence South 56° 19' 17" West, a distance of 826.56 feet to a point; thence South 05° 18' 08" East, a distance of 194.78 feet to a point; thence South 65° 21' 39" West, a distance of 168.02 feet to a point in the easterly street margin of Starbuck Avenue; thence North 03° 48' 14" West, along the easterly street margin of Starbuck Avenue, a distance of 1188.36 feet to an iron pipe set; thence North 55° 39' 46' East, along the easterly street margin of Starbuck Avenue, a distance of 19.90 feet to an iron pipe set; thence North 34° 19' 28" West, along the easterly street margin of Starbuck Avenue, a distance of 385.50 feet to an iron pipe set; thence North 04° 41' 28" West, along the easterly street margin of Starbuck Avenue, a distance of 658.67 feet to an iron pipe set; thence North 85° 20' 22" East, along the easterly street margin of Plaza Drive, a distance of 8.00 feet to an iron pipe set; thence North 04° 30' 42° West, along the easterly street margin of Plaza Drive, a distance of 34.69 feet to the point of beginning.

Containing 36.315 acres of land, more or less.

Also including an easement for access and turning of vehicles upon the following described parcel of land: BEGINNING at a point located North 05° 18' 08" West, 77.72 feet from a point, said point being North 65° 21' 39" East, 168.02 feet from a point in the easterly street margin of Starbuck Avenue, being the southwesterly corner of the above described 36.315 acre parcel of land; thence North 05° 18' 08° West, a

distance of 117.07 feet to a point; thence North 56° 19' 17" East, a distance of 826.56 feet to a point; thence South 33° 40' 43" East, a distance of 103.00 feet to a point; thence South 56° 19' 17" West, a distance of 882.20 feat to the point of beginning. Containing 2.020 acres of land, more or less.

Subject to easements, covenants and restrictions of record, if any.

It being the intent to describe a portion of the parcel of land conveyed by General Signal Corporation to New York Air Brake Corporation, by deed recorded in the Jefferson County New Clerk's Office in Liber 1436 at Page 31 on December 30, 1994, as surveyed by GYMO, Watertown, New York.