

PAYMENT IN LIEU OF TAXES AGREEMENT

THIS AGREEMENT, made as of the 1st day of December, 1999, is by and between the **CITY OF POUGHKEEPSIE INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation of the State of New York, having its offices at 62 Civic Center Plaza, Poughkeepsie, New York 12602 (the "Agency"), and **WOODSIDE ASSOCIATES, LLP.**, a limited liability company duly organized and existing under the laws of the State of New York, having its offices at 60 Morrow Avenue, Scarsdale, New York, New York 10583 (the "Company").

WITNESSETH:

WHEREAS, the Agency was created pursuant to Chapter 304 of the Laws of 1974 of the State of New York and pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York, as amended (collectively, the "Act"), as a body corporate and politic and as a public benefit corporation of the State of New York; and

WHEREAS, the Agency has determined and agreed to provide certain financial assistance to the Company in accordance with a resolution of the Agency adopted August 5, 1999 and an Installment Sale Agreement dated as of December 1, 1999 (the "Installment Sale Agreement") with respect to the Facility described therein (the "Facility"); 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 and improvements owned by it; and

WHEREAS, the Agency has previously adopted a Uniform Tax Exemption Policy to provide guidelines for the claiming of real property, sales and use tax and mortgage recording tax abatements; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provisions for payments in lieu of taxes by the Company to the Agency for the benefit of the City of Poughkeepsie (the "City"), the Poughkeepsie City School District and Dutchess County (collectively, the "Taxing Jurisdictions"); and

WHEREAS, this Agreement deviates from the Agency's Uniform Tax Exemption Policy, has been approved by the Agency after the notice and hearing required by the Act, and does not require the consent of the Taxing Jurisdictions;

NOW, THEREFORE, in consideration of the Agency's execution of the Installment Sale Agreement and provision of financial assistance for the purposes of providing the Facility and in consideration of the covenants herein contained, it is mutually agreed as follows (capitalized terms not otherwise defined herein having the meanings set forth in the Installment Sale Agreement):

which would be payable if such Additional Facilities were owned by the Company, reduced by any tax exemptions that would be afforded if such Additional Facilities were owned by the Company including, but not limited to, the exemptions provided under Section 485-b of the Real Property Tax Law.

(2) The value of Additional Facilities for purposes of determining payments in lieu of taxes due hereunder shall be determined by the appraisal in the same manner as other similar properties in the general area of the Facility equalized by using the appropriate equalization rates. Within thirty (30) days of receipt by the Company of written notice of the initial establishment of an additional assessed value, the Company shall be entitled to protest before the Agency. If the Agency and the Company shall fail to reach agreement, the Company shall be entitled to contest the additional assessed value in accordance with the provisions of Article 7 of the Real Property Tax Law as if the Company were the owner, and the Agency shall cooperate in submitting any such claim to the extent required due to the Agency's ownership of the property.

(3) Notwithstanding the foregoing, in the event the Agency and the Company agree to enter into a separate written agreement or amendment to this agreement regarding such Additional Facilities, the provisions of such agreement or amendment shall control.

(e) In the final year of the term of this Agreement, the Facility shall be assessed by the appropriate local taxing jurisdiction responsible for establishing real property tax assessments, as of the taxable status date of the final year of the term of this Agreement currently March 1, 2015. The purpose of such tax assessment is for the restoration of the Facility to the regular tax roll commencing January 1, 2016 as to City/County taxes and July 1, 2015 as to School Taxes. The assessment established by the appropriate local taxing jurisdiction in the final year of the term of this Agreement shall be subject to the Company rights pursuant to Section 5 of this Agreement.

Section 2. Special Assessments.

The parties hereto understand that the tax exemption extended to the Agency by Section 874 of the Act and Section 412-a of the Real Property Tax Law does not entitle the Agency to exemption from special assessments and special ad valorem levies. During the period of the exemption, the Company shall pay service charges, special ad valorem levies, special assessments and improvement district charges or similar tax equivalents which are or would be levied upon or with respect to the project by the Taxing Jurisdictions if the Facility were owned by the Company and not by the Agency.

Section 3. Place of Payment.

Payments in lieu of taxes required to be made by the Company shall be mailed via First Class mail through the United States Postal Service or personally delivered to:

Section 6. Mortgage Recording Tax and Sales and Use Tax.

The Company shall be entitled to exemption from mortgage recording tax and sales and use taxes to the full extent permitted by New York State Law, provided that the Company shall timely file with the New York State Commissioner of Taxation and Finance an annual statement of the value of all sales and use tax exemptions claimed in connection with the project in full compliance with Section 874(8) of the New York General Municipal Law, in the form and at the times required thereby.

Section 7. Events of Default.

(a) Any one or more of the following events shall constitute an event of default under this Agreement:

i) Failure of the Company to pay any amount due and payable by it pursuant to this Agreement, and continuance of such failure for a period of thirty (30) days after written notice to the Company stating that such payment is due and payable; or

ii) failure of the Company to observe and perform any other covenant, condition of agreement on its part to be observed and performed hereunder, and continuance of such failure for a period of thirty (30) days after written notice to the Company specifying the nature of such failure and requesting that it be remedied; or

iii) any warranty, representation or other statement by or on behalf of the Company contained in this Agreement shall prove to have been false or untrue in any material respect on the date when made or on the effective date of this Agreement; or

(b) . In addition, an event of default hereunder shall constitute an event of default under the Installment Sale Agreement. Upon the occurrence of an event of default hereunder resulting from the failure of the Company to make any payment required hereunder, the Agency shall have, as a remedy therefor under the Installment Sale Agreement, among other remedies, the right to terminate the Installment Sale Agreement and convey the Facility to the Company, thus subjecting the Project Facility to immediate full taxation pursuant to Section 520 of the Real Property Tax Law of the State.

Section 8. Remedies.

(a) Whenever any event of default shall have occurred, the Agency may 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.

(b) If the Company should default in performing any of its obligations, covenants or agreement under this Agreement and the Agency or any Taxing Jurisdiction should employ attorneys

Section 10. Additional Enforcement Rights of Agency.

(a) In addition to the events of default and remedies provided for above, the Agency may, in its sole discretion, terminate the PILOT Agreement for any of the following:

(i) Failure to provide insurance coverage when and as required by the Installment Sale Agreement; or

(ii) Failure to provide the Agency with any information or documents reasonably requested by the Agency in order to provide any federal, state or local agency with information or reports required under any applicable law, rule or regulation.

(b) Upon the occurrence of any of the events listed in this Section, the Agency will, upon at least ten calendar days written notice to the Company, hold a hearing at which the Company will have the opportunity to provide, or explain its failure to provide the information requested by the Agency. Within thirty calendar days after the hearing, the Agency will issue a determination whether and to what extent it will require recapture of the value of tax exemptions granted with respect to the project by virtue of the Agency's involvement.

Section 11. Special Obligation. Notwithstanding any statement or representation to the contrary contained herein or in any of the other Bond Documents, the obligations and agreements of the Agency contained herein and in the other Bond Documents and in any other instrument or document executed in connection therewith and any instrument or document supplemental thereto shall be deemed the obligations and agreements of the Agency, and not of any member, officer, agent (other than the Company) or employee of the Agency in his individual capacity, and the members, officers, agents (other than the Company) and employees of the Agency shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby. The obligations and agreements of the Agency contained herein shall not constitute or give rise to an obligation of the State, or the City and neither the State, nor the City shall be liable hereon or thereon, and further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the payable solely from the revenues of the Agency derived and to be derived from the sale or other disposition of the Facility. No order or decree of specific performance with respect to any of the obligations of the Agency hereunder shall be sought or enforced against the Agency unless (A) the party seeking such order or decree shall first have requested the Agency in writing to take the action sought in such order or decree of specific performance, and ten (10) days shall have elapsed from the date of receipt of such request, and the Agency shall have refused to comply with such request (or if compliance therewith would reasonably be expected to take longer than ten (10) days shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period, and (B) if the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree

(ii) The Company is not in default under, or in violation of, any indenture, mortgage, declaration, lien, lease, contract, note, order, judgment, decree or other instrument of any kind to which any of its assets are subject, and the execution, delivery and compliance by the Company with the terms and conditions of the Bond Documents to which it is a party do not and will not conflict with or constitute or result in a default by the Company in any material respect under or violation of, (1) the Company's articles of organization or operating agreement, (2) any agreement or other instrument to which the Company is a party or by which, to the Company's knowledge, it is bound, or (3) any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Company or its property, and no event has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

Section 13. Amendment.

This Agreement may not be amended or terminated except by an instrument in writing executed by the Agency and the Company.

Section 14. Binding Effect.

This Agreement shall inure to the benefit of, and shall be binding upon, the Agency, the Company and their respective successors and assigns. The provisions of this Agreement are intended to be for the benefit of the Agency and the respective Taxing Jurisdictions.

Section 15. Severability

If any provision of the Agreement shall be held to be invalid or illegal and unenforceable by any court of competent jurisdiction, such provision shall be deemed severable and the remainder shall remain in full force and effect.

Section 16. Applicable Law.

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the 1st day of December, 1999.

**CITY OF POUGHKEEPSIE INDUSTRIAL
DEVELOPMENT AGENCY**

By: Collette M Lafuente

Its: Chair

WOODSIDE ASSOCIATES, LLC

By: [Signature]

Its: Managing Member

Execution page for PILOT Agreement
relating to
City of Poughkeepsie Industrial Development Agency
Woodside Associates, LLC Project

SCHEDULE A

Year 1	\$ 21,500.00
Year 2	\$ 21,500.00
Year 3	\$ 21,500.00
Year 4	\$ 29,857.15
Year 5	\$ 38,214.30
Year 6	\$ 46,571.45
Year 7	\$ 54,928.60
Year 8	\$ 63,285.75
Year 9	\$ 71,642.90
Year 10	\$ 80,000.00
Year 11	No more than 5% over prior year
Year 12	No more than 5% over prior year
Year 13	No more than 5% over prior year
Year 14	No more than 5% over prior year
Year 15	No more than 5% over prior year

In each of the 11th through the 15th years of this agreement, the amount of the PILOT payment due shall be computed as the amount payable in the immediately preceding year, plus a percentage increase not to exceed 5% in any one year. The percentage increase shall be equal in each year to the annual tax increase applicable to the actual tax payment which would be due for such year if the Facility were not owned by the Agency, provided that if such increase is greater than five percent in any one year, the increase payable in that year shall be five percent, and the difference between five percent and the actual percentage increase shall be carried forward and shall be payable in the first succeeding year or years that the percentage increase is less than five percent.

Assume, for example, that the percentage increase for actual taxes from year 10 to year 11 is 6% and the percentage increase for actual taxes from year 11 to year 12 is 3%. The amount payable in year 11 would be \$84,000 ($\$80,000 \times 105\%$) and the 1% difference between the 5% increase and the 6% increase would be carried forward to year twelve, when the payment would be \$87,360 ($\$84,000 \times 104\%$).