

CLOSING ITEM NO.: A-6

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AND

FHC PROPERTIES, LLC

AND

FLEX-HOSE COMPANY, INC.

PAYMENT IN LIEU OF TAX AGREEMENT

DATED AS OF OCTOBER 1, 2019

TABLE OF CONTENTS

(This Table of Contents is not part of the Payment in Lieu of Tax Agreement and is for convenience of reference only.)

	PAGE
PARTIES	1
RECITALS.....	1

ARTICLE I
REPRESENTATIONS AND WARRANTIES

Section 1.01. Representations and Warranties of the Company	4
Section 1.02. Representations and Warranties of the Sublessee.....	4

ARTICLE II
COVENANTS AND AGREEMENTS

Section 2.01. Tax-Exempt Status of Project Facility	6
Section 2.02. Payments in Lieu of Taxes	7
Section 2.03. Credit for Taxes Paid	9
Section 2.04. Interest.....	10

ARTICLE III
LIMITED OBLIGATION OF THE AGENCY

Section 3.01. No Recourse, Limited Obligation of the Agency.....	11
--	----

ARTICLE IV
EVENTS OF DEFAULT

Section 4.01. Events of Default	13
Section 4.02. Remedies on Default.....	13
Section 4.03. Payment of Attorney’s Fees and Expenses	14
Section 4.04. Remedies, Waiver and Notice.....	14
Section 4.05. Payment of Interest and Penalties	14

ARTICLE V
MISCELLANEOUS

Section 5.01. Term of Agreement.....	15
Section 5.02. Form of Payments	15
Section 5.03. Company and Sublessee Acts	15
Section 5.04. Amendment of Agreement.....	15

Section 5.05. Notices 15
Section 5.06. Binding Effect 16
Section 5.07. Severability 17
Section 5.08. Counterparts 17
Section 5.09. Applicable Law 17
Section 5.10. Definitions 17

Exhibit “A” - Description of the Land A-1

PAYMENT IN LIEU OF TAX AGREEMENT

THIS PAYMENT IN LIEU OF TAX AGREEMENT dated as of October 1, 2019 by and among the ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation organized and existing under the laws of the State of New York (hereinafter referred to as the "Agency"), having an office for the transaction of business located at 333 West Washington Street, Suite 130, Syracuse, New York 13202, FHC PROPERTIES, LLC, a limited liability company organized and existing under the laws of the State, having an office for the transaction of business located at 4560 Buckley Road, Liverpool, New York 13088 (the "Company"), and FLEX-HOSE COMPANY, INC., a corporation organized and existing under the laws of the State of New York, having an office for the transaction of business located at 4560 Buckley Road, Liverpool, New York 13088 (the "Sublessee").

WITNESSETH:

WHEREAS, the Agency is authorized and empowered by the provisions of Chapter 1030 of Laws of 1969 of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 435 of the Laws of 1970 of the State and Chapter 676 of the Laws of 1975 of the State, as amended, as amended, constituting Section 895 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, renovating, improving, maintaining, equipping and furnishing of commercial facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, the Enabling Act further authorizes each such agency to lease or sell its projects, to charge and collect rent therefor, to mortgage any and all of its facilities and to enter into an agreement which includes provisions such as those contained herein (this Payment in Lieu of Tax Agreement being hereinafter referred to as the "Agreement"); and

WHEREAS, the Agency has determined to undertake a project on behalf of the Company and the Sublessee (the "Project") consisting of the following: (A)(1) the acquisition of an interest in approximately 11.13 acre parcel of land located at 4560 Buckley Road (tax map no. 095.-02-06.0) in the Town of Clay, Onondaga County, New York (the "Land") and the approximately 38,000 square foot existing building thereon (the "Facility"); (2) the renovation of the Facility; (3) the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other tangible personal property (collectively, the "Facility Equipment") (the Land, the Facility and the Facility Equipment being collectively referred to as the "Company Project Facility"), and (4) the acquisition and installation of certain equipment and personal property (the "Equipment" and together with the Company Project Facility, the "Project Facility"), such Project Facility to be used as manufacturing and office space to support the production and storage of the Company's products which include metal pump connectors, industrial metal hoses, expansion loops and metal expansion joints; (B) the

granting of certain “financial assistance” (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (subject to certain statutory limitations) (collectively, the “Financial Assistance”); and (C) (1) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and (2) and the lease (with an obligation to purchase) or sale of the Equipment to the Sublessee or such other person as may be designated by the Sublessee and agreed upon by the Agency; and

WHEREAS, members of the Agency have determined that the Project constitutes a “project” within the meaning of the Act; and

WHEREAS, in connection with the Project, the Agency intends to acquire a leasehold interest in certain real property more particularly described in Exhibit “A” attached hereto and the improvements located thereon (the “Improvements”), pursuant to the terms and conditions of a lease to agency dated as of October 1, 2019 (the “Underlying Lease”) by and between the Company, as landlord, and the Agency, as tenant; and

WHEREAS, the Agency proposes to sublease its interest in the Company Project Facility to the Company pursuant to the terms and conditions of a certain a lease agreement dated as of October 1, 2019 (the “Lease Agreement”) by and between the Agency and the Company; and

WHEREAS, the Company has agreed to sub-sublease the Company Project Facility pursuant to the terms of a certain Lease Agreement, dated October 7, 2019 (the “Sublease Agreement”), by and between the Company, as sublessor, and the Sublessee, as sublessee; and

WHEREAS, the Sublessee has agreed to transfer title to the Equipment to the Agency pursuant to a certain Equipment Bill of Sale, dated the Closing Date (the “Equipment Bill of Sale”); and

WHEREAS, the Agency has agreed to lease the Equipment to the Sublessee pursuant to the terms of a certain Equipment Lease Agreement, dated as of October 1, 2019 (the “Equipment Lease Agreement”), by and between the Agency and the Sublessee.

WHEREAS, said Project is to be used for any legal purpose under the Act; and

WHEREAS, the Project is located within the boundaries of the County of Onondaga; and

WHEREAS, under the present provisions of the Act and Section 412-a of the Real Property Tax Law of the State of New York (the “RPTL”), the Agency is not required to pay Real Estate Taxes (hereinafter defined) upon any of the property acquired by it or under its jurisdiction or supervision or control; and

WHEREAS, the Agency has expressed its reluctance to enter into the Underlying Lease unless the Company and the Sublessee shall agree to make payments in lieu of Real Estate Taxes (“PILOT Payments”) pursuant to the this Agreement with respect to the Project; and

WHEREAS, the PILOT Payments contemplated by this Agreement are in lieu of Real Estate Taxes which may be payable with respect to the Project during the term of this Agreement;

NOW, THEREFORE, in consideration of the matters above recited, for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, the parties hereto formally covenant, agree and bind themselves as follows to wit:

ARTICLE I

REPRESENTATIONS AND WARRANTIES

SECTION 1.01. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company does hereby represent and warrant to the Agency as follows:

(A) Power: The Company has full legal power and authority to own its properties and conduct its business.

(B) Authorization: The Company has the legal power under the laws of the State of New York to enter into this Agreement and the transactions contemplated hereby and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement. The Company has duly authorized the execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated. The Company is not prohibited from entering into this Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement by (and the execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment of the compliance with the provisions of this Agreement will not conflict with or violate or constitute a breach of or a default under) the terms, conditions or provision of any law, rule, regulation or order of any court or other agency or authority of government, or any contractual limitation, restriction or outstanding indenture, deed of trust, mortgage, loan agreement, other evidence of indebtedness or any other agreement or instrument to which the Company is a party or by which it or any of its property is bound, and neither the Company's entering into this Agreement nor the Company's performing all covenants and obligations on its part to be performed under and pursuant to this Agreement will be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the Company under the terms of any of the foregoing. This Agreement is the legal, valid and binding obligation of the Company enforceable in accordance with its terms.

(C) Governmental Consent: No consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority on the part of the Company is required as a condition to the execution, delivery or performance of this Agreement by the Company or as a condition to the validity of this Agreement.

SECTION 1.02. REPRESENTATIONS AND WARRANTIES OF THE SUBLESSEE. The Sublessee does hereby represent and warrant to the Agency as follows:

(A) Power: The Sublessee has full legal power and authority to own its properties and conduct its business.

(B) Authorization: The Sublessee has the legal power under the laws of the State of New York to enter into this Agreement and the transactions contemplated hereby and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement.

The Sublessee has duly authorized the execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated. The Sublessee is not prohibited from entering into this Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement by (and the execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment of the compliance with the provisions of this Agreement will not conflict with or violate or constitute a breach of or a default under) the terms, conditions or provision of any law, rule, regulation or order of any court or other agency or authority of government, or any contractual limitation, restriction or outstanding indenture, deed of trust, mortgage, loan agreement, other evidence of indebtedness or any other agreement or instrument to which the Sublessee is a party or by which it or any of its property is bound, and neither the Sublessee's entering into this Agreement nor the Sublessee's performing all covenants and obligations on its part to be performed under and pursuant to this Agreement will be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the Sublessee under the terms of any of the foregoing. This Agreement is the legal, valid and binding obligation of the Sublessee enforceable in accordance with its terms.

(C) Governmental Consent: No consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority on the part of the Sublessee is required as a condition to the execution, delivery or performance of this Agreement by the Sublessee or as a condition to the validity of this Agreement.

ARTICLE II

COVENANTS AND AGREEMENTS

SECTION 2.01. TAX-EXEMPT STATUS OF THE PROJECT FACILITY.

(A) Assessment of the Project Facility: Pursuant to Section 874 of the Act and Section 412-a of the Real Property Tax Law, the parties hereto understand that, upon acquisition of a leasehold interest in the Project Facility by the Agency and the filing by the Agency, and for so long thereafter as the Agency shall have a leasehold interest in the Project Facility, the Project Facility shall be assessed by the Town of Clay, Onondaga County, New York (hereinafter referred to as the “Town”) and by the various other taxing entities having jurisdiction over the Project Facility, including, without limitation, any county, school district, or other political unit or units wherein the Project Facility is located (the Town and such other taxing entities being sometimes collectively referred to as the “Taxing Entities”, and each of such Taxing Entities being sometimes individually referred to as a “Taxing Entity”) as exempt upon the assessment rolls of the respective Taxing Entities prepared subsequent to the acquisition by the Agency of the leasehold interest in the Project Facility. The Company and the Sublessee shall, promptly following acquisition by the Agency of the leasehold interest, take such action as may be necessary to ensure that the Project Facility shall be assessed as exempt upon the assessment rolls of the respective Taxing Entities prepared subsequent to such acquisition by the Agency and, for so long thereafter as the Agency shall have a leasehold interest in the Project Facility, the Company and the Sublessee shall take such further action as may be necessary to maintain such exempt assessment with respect to each Taxing Entity. The parties hereto understand that the Project Facility shall not be entitled to such exempt status on the tax rolls of any Taxing Entity until the first tax year of such Taxing Entity following the tax status date of such Taxing Entity occurring subsequent to the date upon which the Agency obtains of record a leasehold interest in the Project Facility. Pursuant to the provisions of the Lease Agreement and the Equipment Lease Agreement, the Company and the Sublessee, jointly and severally, will be required to pay all taxes and assessments lawfully levied and/or assessed against the Project Facility, including taxes and assessments levied for the current tax year and all subsequent tax years until the Project Facility shall be entitled to exempt status on the tax rolls of the respective Taxing Entities. Subject to Section 3.01 hereof, the Agency will reasonably cooperate with the Company and the Sublessee to preserve the tax-exempt status of the Project Facility and to achieve the purposes and effect of this Agreement.

(B) 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 State Real Property Tax Law does not entitle the Agency to exemption from special assessments and special ad valorem levies. Pursuant to the Lease Agreement and the Equipment Lease Agreement, the Company and the Sublessee, jointly and severally, shall pay all special assessments and special ad valorem levies lawfully levied and/or assessed against the Project Facility.

SECTION 2.02. PAYMENTS IN LIEU OF TAXES.

(A) Agreement to Make Payments: The Company and the Sublessee agree that they shall make annual payments in lieu of property taxes in the amounts hereinafter provided, to the Agency pursuant to the provisions hereof (the “Total PILOT Payment”). The Company and the Sublessee also agree to give the assessor a copy of this Payment in Lieu of Tax Agreement. The total PILOT Payment due hereunder shall be paid by the Company and the Sublessee to the Agency for distribution to the appropriate officer or officers of the respective Taxing Entities entitled to receive same pursuant to the provisions hereof. The Company and the Sublessee, jointly and severally, shall pay interest and late charges as required by Section 874 of the Act. The first year of this Agreement shall relate to the 2020-2021 School Tax and the 2021 Town and County tax years.

(B) Total Amount of Payments in Lieu of Taxes. The Total PILOT Payment to be paid by the Company to the Agency annually pursuant to the terms of this Payment in Lieu of Tax Agreement has been agreed upon by the parties and is set forth below. The amount to be distributed to the Taxing Entities pursuant to the terms of this Payment in Lieu of Tax Agreement is as follows:

<u>Roll Year</u>	<u>Town/ County Calendar Year</u>	<u>School District Fiscal Year</u>	<u>County Pilot Amount</u>	<u>Town (Clay) Pilot Amount</u>	<u>School (ESM) Pilot Amount</u>	<u>Total Pilot Payment</u>
1	2021	7/1/20–6/30/21	\$6,348	\$3,332	\$34,841	\$44,521.09
2	2022	7/1/21–6/30/22	\$7,240	\$3,800	\$39,734	\$50,773.62
3	2023	7/1/22–6/30/23	\$8,165	\$4,286	\$44,808	\$57,258.44
4	2024	7/1/23–6/30/24	\$9,123	\$4,789	\$50,070	\$63,982.34
5	2025	7/1/24–6/30/25	\$10,117	\$5,310	\$55,525	\$70,952.29
6	2026	7/1/25–6/30/26	\$11,147	\$5,851	\$61,177	\$78,175.45
7	2027	7/1/26–6/30/27	\$12,214	\$6,411	\$67,034	\$85,659.16
8	2028	7/1/27–6/30/28	\$13,320	\$6,991	\$73,100	\$93,410.94
9	2029	7/1/28–6/30/29	\$14,464	\$7,592	\$79,382	\$101,438.53
10	2030	7/1/29–6/30/30	\$15,649	\$8,214	\$85,886	\$ 109,749.87

Notwithstanding the foregoing schedule, the Company and the Sublessee further covenant and agree that for any period that the Agency continues to hold a leasehold interest in the Land and Improvements after February 28, 2031, the Company and the Sublessee shall pay, jointly and severally, 100% of the taxes that would be imposed on the Project Facility if the Agency did not have a leasehold interest in the Project Facility. The Company and the Sublessee shall not be liable or responsible for double tax payments associated with this Agreement and the restoration of the Project Facility to the assessment roll under Section 520 of the Real Property Tax Law.

(C) Additional Amounts in Lieu of Taxes. Commencing on the first tax year following the date on which any material modification or any structural addition shall be made to the Project Facility or any portion thereof or any additional building or other structure shall be constructed on the Land that is not included in the definition of “Project Facility” (such structural additions and additional buildings and other structures being hereinafter referred to as “Additional Facilities”) the Company and the Sublessee agree, jointly and severally, to make additional annual payments in lieu of property taxes with respect to such Additional Facilities (such additional payments being hereinafter collectively referred to as “Additional Payments”) to the Agency with respect to such

Additional Facilities, such Additional Payments to be computed separately for each Taxing Entity as follows:

(1) Determine the amount of general taxes and general assessments (hereinafter referred to as the “Additional Normal Tax”) which would be payable to each Taxing Entity with respect to such Additional Facilities if such Additional Facilities were owned by the Company and the Agency did not have a leasehold interest therein as follows: (a) multiply the Additional Assessed Value (as hereinafter defined) of such Additional Facilities determined pursuant to subsection (D) of this Section 2.02 by (b) the tax rate or rates of such Taxing Entity that would be applicable to such Additional Facilities if such Additional Facilities were owned by the Company and the Agency did not have a leasehold interest therein, and (c) reduce the amount so determined by the amounts of any tax exemptions that would be afforded to the Company by such Taxing Entity if such Additional Facilities were owned by the Company and the Agency did not have a leasehold interest therein.

(2) In each fiscal tax year during the term of this Payment in Lieu of Tax Agreement (commencing in the fiscal tax year when such Additional Facilities would first appear on the assessment roll of any Taxing Entity, as if such Additional Facilities were owned by the Company and the Agency did not have a leasehold interest therein), the amount payable by the Company and the Sublessee to the Agency on behalf of each Taxing Entity as a payment in lieu of property tax with respect to such Additional Facilities pursuant to this Payment in Lieu of Tax Agreement shall be an amount equal to one hundred percent (100%) of the Normal Tax due each Taxing Entity with respect to such Additional Facilities for such fiscal tax year (unless the Agency, the Company and the Sublessee shall enter into a separate written agreement regarding payments in lieu of property taxes with respect to such Additional Facilities, in which case the provisions of such separate written agreement regarding payments in lieu of property taxes with respect to such Additional Facilities, in which case the provisions of such separate written agreement shall control).

(D) Valuation of Additional Facilities.

(1) The value of Additional Facilities for purposes of determining payments in lieu of taxes due under Section 2.02(C) hereof shall be determined by the Assessor of each respective Taxing Entity. The parties hereto agree that the Assessors shall (a) appraise the Additional Facilities in the same manner as other similar properties in the general area of the Project Facility, and (b) place a value for assessment purposes (hereinafter referred to as the “Additional Assessed Value”) upon the Additional Facilities, equalized if necessary by using the appropriate equalization rates as apply in the assessment and levy of real property taxes. The Company and the Sublessee shall be entitled to written notice of the initial establishment of such Additional Assessed Value and of any change in such Additional Assessed Value.

(2) If the Company and the Sublessee are dissatisfied with the amount of the Additional Assessed Value of the Additional Facilities as initially established or as changed, the Company and the Sublessee shall have the right to contest the Additional Assessed Value of the Project Facility made for purposes of determining any payments due hereunder and to

seek a refund of any such payments made hereunder. The Company's and the Sublessee's challenge to the Additional Assessed Value of the Project Facility and the determination of the Company and/or the Sublessee to seek a refund of any payments made hereunder shall be made in accordance with State Real Property Tax Law.

(E) Statements: The Agency shall submit to the Company and the Sublessee annual statements specifying the amount and due date or dates of the payments due each Taxing Entity hereunder, such periodic statements to be submitted to the Company and the Sublessee annually on or about January 10.

(F) Time of Payments: Subject to Section 2.03(B) hereof, the Company and the Sublessee agree to pay the amounts due hereunder to the Agency by January 30 of each year. The Company and the Sublessee shall be entitled to receive receipts for such payments.

(G) Method of Payment: All payments by the Company and/or the Sublessee hereunder shall be paid to the Agency by check in lawful money of the United States of America. The Agency shall in turn distribute the amounts so paid to the various Taxing Entities entitled to same.

(H) Transfer to Company: In the event the Agency no longer has a leasehold interest in the Project Facility, the Project Facility shall be immediately subject to taxation pursuant to Section 302 and Section 520 of the Real Property Tax Law, as amended. However, with the exception of the calendar year 2020, in no event shall the Company be required to pay both payments in lieu of taxes and real property taxes for a concurrent tax year or any portion thereof. Therefore, should the Company Project Facility be conveyed to the Company and thus become taxable pursuant to Real Property Tax Law Section 520, the Taxing Entities agree that any payments payable under this Agreement as payments in lieu of taxes shall be reduced by the amount of any taxes which are required to be paid under Real Property Tax Law Section 520 for any such concurrent tax year or any portion thereof, and should such payments in lieu of taxes already have been made, the Taxing Entities shall refund any such amounts owing to the Company.

SECTION 2.03. CREDIT FOR TAXES PAID. (A) Credits: The parties hereto acknowledge and agree that the obligation of the Company and the Sublessee jointly and severally to make the payments provided in Section 2.02 of this Agreement shall be in addition to any and all other taxes and governmental charges of any kind whatsoever which the Company and/or the Sublessee may be required to pay under the Lease Agreement and the Equipment Lease Agreement, respectively. It is understood and agreed, however, that should the Company or the Sublessee pay in any calendar year to the Agency any amounts in the nature of general property taxes, general assessments, service charges or other governmental charges of a similar nature levied and/or assessed upon the Project Facility or the interest therein of the Company or the Sublessee or the occupancy thereof by the Company or the Sublessee (but not including, by way of example, sales and use taxes, or special assessments and special ad valorem levies described in Section 2.01(B) above) then the Company's and the Sublessee's obligation to make payments in lieu of property taxes for such calendar year to the Agency hereunder shall be reduced by the amounts which the Company and the Sublessee shall have so paid to the Agency in such calendar year, but there shall be no cumulative or retroactive

credit as to any payment in lieu of property taxes due to the Agency or as to any payment in lieu of property taxes due to the Agency in any other calendar year.

(B) Method of Claiming Credits: If the Company or the Sublessee desires to claim a credit against any particular payment in lieu of tax due hereunder, the Company or the Sublessee (as applicable) shall give the governing body of the affected Taxing Entity and the Agency prior written notice of its intention to claim any credit pursuant to the provisions of this Section 2.03, said notice to be given by the Company or the Sublessee (as applicable) at least thirty (30) days prior to the date on which such payment in lieu of tax is due pursuant to the provisions of Section 2.02(G) hereof. In the event that the governing body of the appropriate Taxing Entity desires to contest the Company's or the Sublessee's (as applicable) right to claim such credit, then said governing body, the Agency and the Company or the Sublessee (as applicable) shall each select an arbitrator in accordance with the rules of the American Arbitration Association, which arbitrators shall, at the sole cost and expense of the Company or the Sublessee (as applicable), determine whether the Company or the Sublessee (as applicable) is entitled to claim any credit pursuant to the provisions of this Section 2.03 and, if so, the amount of the credit to which the Company or the Sublessee (as applicable) is entitled.

It is understood that the arbitrators are empowered to confirm the amount of the credit claimed by the Company or the Sublessee (as applicable) or to determine a lower or higher credit. When the Company or the Sublessee (as applicable) shall have given notice, as provided herein, that it claims a credit, the amount of any payment in lieu of property taxes due hereunder against which the credit may be claimed may be withheld (to the extent of the credit claimed by the Company or the Sublessee (as applicable), but only to the extent that such credit may be claimed against said payment in lieu of taxes pursuant to the provisions of this Section 2.03) until the decision of the arbitrators is rendered. After the decision of the arbitrators is rendered, the payment in lieu of taxes due with respect to any reduction or disallowance by the arbitrators in the amount of the credit claimed by the Company or the Sublessee (as applicable) shall, to the extent withheld as aforesaid, be immediately due and payable, together with interest thereon from the date such payment in lieu of tax was originally due, at the rate of eighteen percent (18%) per annum, and such amount and shall be paid by the Company or the Sublessee (as applicable) within thirty (30) days of said decision.

SECTION 2.04. INTEREST. If the Company and the Sublessee shall fail to make any payment required by this Agreement when due, their joint and several obligation to make the payment so in default shall continue as a joint and several obligation of the Company and the Sublessee until such payment in default shall have been made in full, and the Company and the Sublessee shall pay the same together with late charges and interest thereon, as required by Section 874 of the Act and as more fully described in Section 4.05 hereof.

ARTICLE III

LIMITED OBLIGATION OF THE AGENCY

SECTION 3.01. NO RECOURSE; LIMITED OBLIGATION OF THE AGENCY. Notwithstanding anything contained in this Agreement to the contrary:

(A) No Recourse: All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency, and not of any member, officer, agent (other than the Company and the Sublessee), servant or employee of the Agency in his or her individual capacity, and no recourse under or upon any obligation, covenants or Agreement contained in this Agreement, or otherwise based upon or in respect of this Agreement, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future member, officer, agent (other than the Company and the Sublessee), servant or employee, as such, of the Agency or any successor public benefit corporation or political subdivision or any person executing this Agreement on behalf of the Agency, either directly or through the Agency or any successor public benefit corporation or political subdivision or any person so executing this Agreement, it being expressly understood that this Agreement is a corporate obligation, and that no such personal liability whatever shall attach to, or is or shall be incurred by, any such member, officer, agent (other than the Company and the Sublessee), servant or employee of the Agency or of any successor public benefit corporation or political subdivision or any person so executing this Agreement under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom; and that any and all such personal liability of, and any and all such rights and claims against, every such member, officer, agent (other than the Company and the Sublessee), servant or employee under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution of this Agreement.

(B) Limited Obligation: The obligations and agreements of the Agency contained herein shall not constitute or give rise to an obligation of the State of New York or the County of Onondaga, New York, and neither the State of New York nor the County of Onondaga, New York shall be liable 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 Agency payable solely from the revenues of the Agency derived and to be derived from the lease, sale or other disposition of the Project Facility (except for revenues derived by the Agency with respect to the Unassigned Rights, as defined in the Lease Agreement).

(C) Further Limitation: Notwithstanding any provision of this Agreement to the contrary, the Agency shall not be obligated to take any action pursuant to any provision hereof unless (1) the Agency shall have been requested to do so in writing by the Company and/or the Sublessee, and (2) if compliance with such request is reasonably expected to result in the incurrence by the Agency (or any of its members, officers, agents, servants or employees) of any liability, fees, expenses (including, without limitation, attorneys' fees and expenses) or other costs, the Agency shall have received from the Company and the Sublessee security or indemnity and an agreement from the

Company and the Sublessee to defend and hold harmless the Agency satisfactory to the Agency for protection against all such liability, however remote, and for the reimbursement of all such fees, expenses and other costs.

ARTICLE IV

EVENTS OF DEFAULT

SECTION 4.01. EVENTS OF DEFAULT. Any one or more of the following events shall constitute an event of default under this Agreement, and the terms “Event of Default” or “Default” shall mean, whenever they are used in this Agreement, any one or more of the following events:

(A) Failure of the Company or the Sublessee to pay any amount due and payable by the Company and the Sublessee pursuant to this Agreement and continuance of said failure for a period of fifteen (15) days after written notice to the Company and the Sublessee stating that such payment is due and payable;

(B) Failure of the Company or the Sublessee to observe and perform any other covenant, condition or agreement on its part to be observed and performed hereunder (other than as referred to in subsection (A) above) and continuance of such failure for a period of thirty (30) days after written notice to the Company and the Sublessee specifying the nature of such failure and requesting that it be remedied; provided that if such default cannot reasonably be cured within such thirty (30) day period, the Company or the Sublessee shall have commenced action to cure the breach of covenant, condition or agreement within said thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same;

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

(D) The occurrence and continuance of an “Event of Default” under the Lease Agreement or the Equipment Lease Agreement, beyond any applicable cure period (if any).

SECTION 4.02. REMEDIES ON DEFAULT. Whenever any Event of Default shall have occurred with respect to this Agreement, the Agency (or if such Event of Default concerns a payment required to be made hereunder to any Taxing Entity, then with respect to such Event of Default such Taxing Entity) may take whatever action at law or in equity as may appear necessary or desirable to the Agency or such Taxing Entity, as the case may be, to collect the amount then in default or to enforce the performance and observance of the obligations, agreements and covenants of the Company and the Sublessee under this Agreement, including without limitation, terminating the Company’s and the Sublessee’s status as agents of the Agency and causing the surrender of Underlying Lease to be duly recorded. Each such Event of Default shall give rise to a separate cause of action hereunder and separate suits may be brought hereunder as each cause of action arises. The Company and the Sublessee irrevocably agree that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of record of the State of New York, consent to the jurisdiction of each such court in any such suit, action or proceeding, and waive any objection which they may have to the laying of the venue of any such suit, action or proceeding in any of such courts.

SECTION 4.03. PAYMENT OF ATTORNEY'S FEES AND EXPENSES. If the Company or the Sublessee should default in performing any of their obligations, covenants or agreements under this Agreement and the Agency or any Taxing Entity should employ attorneys or incur other expenses for the collection of any amounts payable hereunder or for the enforcement of performance or observance of any obligation or Agreement on the part of the Company or the Sublessee herein contained, the Company and the Sublessee agree that they will, on demand therefor and jointly and severally, pay to the Agency or such Taxing Entity, as the case may be, the reasonable expenses so incurred, whether or not an action is commenced together with interest thereon at the maximum rate allowed by law.

SECTION 4.04. REMEDIES; WAIVER AND NOTICE. (A) No Remedy Exclusive: No remedy herein conferred upon or reserved to the Agency or any Taxing Entity is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute.

(B) Delay: No delay or omission in exercising any right or power accruing upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

(C) Notice Not Required: In order to entitle the Agency or any Taxing Entity to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in this Agreement or the Act.

(D) No Waiver: In the event any provision contained in this Agreement should be breached by either party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to be a waiver of any other breach hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing.

SECTION 4.05. PAYMENT OF INTEREST AND PENALTIES. Pursuant to Section 874(5) of the General Municipal Law of New York, as amended, if the Company shall fail to make or cause to be made any such payments in lieu of real estate taxes when due, the amount or amounts so in default shall continue as an obligation of the Company until fully paid, and the Company hereby agrees to pay or cause to be paid the same, together with a late payment penalty equal to five percent (5%) of the amount due. Additionally, if the Company shall fail to make any payment required by this Section 4.05 when due and such delinquency shall continue beyond the first month, the Company's obligation to make the payment so in default shall continue as an obligation of the Company to the affected Taxing Entity until such payment in default shall have been made in full, and the Company shall pay the same to the affected Taxing Entity together with (1) a late payment penalty of one percent (1%) per month for each month, or part thereof, that the payment due hereunder is delinquent beyond the first month, plus (2) interest thereon, to the extent permitted by law, at the same rate per annum which would be payable if such amounts were delinquent taxes, until so paid in full.

ARTICLE V

MISCELLANEOUS

SECTION 5.01. TERM OF AGREEMENT. General: This Agreement shall become effective and the obligations of the Company shall arise absolutely and unconditionally upon the approval of this Agreement by resolution of the Agency and the execution and delivery of this Agreement by the Company and the Agency. Unless otherwise provided by amendment hereof, this Agreement shall continue to remain in effect until the earliest to occur of (1) the date on which the Agency's interest in the Project Facility pursuant to the Underlying Lease is terminated, or (2) the occurrence of an Event of Default hereunder.

SECTION 5.02. FORM OF PAYMENTS. The amounts payable under this Agreement shall be payable by check in such coin and currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

SECTION 5.03. COMPANY AND SUBLESSEE ACTS. Where the Agency is required to do or accomplish any act or thing hereunder, the Company or the Sublessee may, with the prior written consent of the Agency, cause the same to be done or accomplished with the same force and effect as if done or accomplished by the Agency. Where the Company or the Sublessee is required to do or accomplish any act or thing hereunder, the Company or the Sublessee may cause the same to be done or accomplished with the same force and effect as if done or accomplished by the Company or the Sublessee.

SECTION 5.04. AMENDMENT OF AGREEMENT. This Agreement may not be amended, changed, modified, altered or terminated unless such amendment, change, modification, alteration or termination is in writing and, in the case of any amendment, change, modification or alteration of this Agreement, unless the Company and the Sublessee and their respective successors and assigns shall assume in writing the obligations of such amended, changed, modified or altered Agreement.

SECTION 5.05. NOTICES. (A) All notices, certificates or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when (1) received at the applicable address stated below by registered or certified mail, postage prepaid, return receipt requested, or by such other means as shall provide the sender with documentary evidence of such delivery, or (2) delivery is refused by the addressee, as evidenced by the affidavit of the person who attempted to effect such delivery. The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

If to the Agency:

Onondaga County Industrial Development Agency
333 West Washington Street, Suite 130
Syracuse, New York 13202
Attention: Executive Director

With a copy to:

Barclay Damon LLP
Barclay Damon Tower
125 East Jefferson Street
Syracuse, New York 13202
Attention: Anthony P. Rivizzigno, Esq.

If the Company:

FHC Properties, LLC
6801 Crossbow Drive
East Syracuse, New York 13057
Attention: Philip Argersinger, Manager

With a copy to:

Bousquet Holstein PLLC
110 W. Fayette St., One Lincoln Center, Suite 1000
Syracuse, New York 13202
Attention: Jana McDonald, Esq.

If the Sublessee:

Flex-Hose Company, Inc.
6801 Crossbow Drive
East Syracuse, New York 13057
Attention: Philip Argersinger, President

With a copy to:

Bousquet Holstein PLLC
110 W. Fayette St., One Lincoln Center, Suite 1000
Syracuse, New York 13202
Attention: Jana McDonald, Esq.

(B) The Agency, the Company, the Sublessee and the Town may, with notice given hereunder to each of the others, designate any further of different addresses to which subsequent notices, certificates or other communications to them shall be sent.

SECTION 5.06. BINDING EFFECT. This Agreement shall inure to the benefit of, and shall be binding upon, the Agency, the Company, the Sublessee 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 Entities.

SECTION 5.07. SEVERABILITY. If any article, section, subsection, subdivision, paragraph, sentence, clause, phrase, provision or portion 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 article, section, subsection, subdivision, paragraph, sentence, clause, phrase, provision or portion 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.

SECTION 5.08. COUNTERPARTS. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 5.09. APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 5.10 DEFINITIONS. Capitalized terms used but not otherwise defined herein shall have the same meanings ascribed to them in the Lease Agreement dated as of October 1, 2019, by and between the Company and the Agency unless the context requires otherwise.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

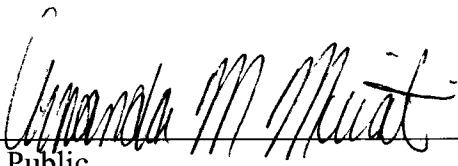
IN WITNESS WHEREOF, the Agency, the Company and the Sublessee have caused this Agreement to be executed in their respective names, by their duly authorized representatives, all being done as of the date first above written.

ONONDAGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: 
Robert M. Petrovich
Executive Director


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

On the 15th day of October in the year 2019 before me, the undersigned, a notary public in and for the State of New York, personally appeared Robert M. Petrovich, 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.


Notary Public

AMANDA M. MIRABITO
Notary Public, State of New York
No: 02MI6300592
Qualified in Broome County
Commission Expires April 7, 2022


FHC PROPERTIES, LLC

By: 
Philip Argersinger
Manager

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

On the 7th day of October in the year 2019 before me, the undersigned, a notary public in and for the State of New York, personally appeared Philip Argersinger, 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.

Natalie Patricia Hempson
Notary Public in the State of New York
Qualified in Onondaga County No. 02HE6203928
My Commission Expires April 13, 2022



Notary Public

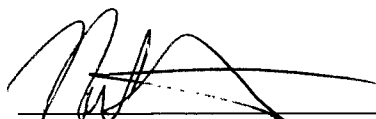
FLEX-HOSE COMPANY, INC.

By: 
Philip Argersinger
President

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

On the 7th day of October in the year 2019 before me, the undersigned, a notary public in and for the State of New York, personally appeared Philip Argersinger, 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.

Natalie Patricia Hempson
Notary Public in the State of New York
Qualified in Onondaga County No. 02HE6203928
My Commission Expires April 13, 2021



Notary Public

EXHIBIT "A"

DESCRIPTION OF THE LAND

ALL THAT TRACT OR PARCEL OF LAND, situate in the Town of Clay, County of Onondaga and State of New York, being a part of Farm lot No. 76 in said Town, bounded and described as follows:

Beginning at a point in the original southerly line of Buckley Road, at its intersection with the easterly line of premises now or formerly of Procul Realty Company, Inc. by Deed recorded in Onondaga County Clerk's Office May 2, 1957 in Book 1856 of Deeds, at page 386&c; thence S. 4° 39' 30" W. along the easterly line of said premises conveyed to Procul Realty Company, Inc. 808.74 feet to the southeasterly corner of said premises; thence N. 87° 21' 00" W. 600 feet; thence N. 4° 39' 30" E 796.86 feet to the southerly line of Buckley Road as widened; thence S. 87° 54' 40" E. along said southerly line of Buckley Road as widened, 540.33 feet to a monument; thence N. 85° 14' 45" E. 50.36 feet to the original southerly line of Buckley Road; thence S. 87° 54' 40" E. along said original southerly line of Buckley Road, 10.17 feet to the place of beginning.

MORE MODERNLY DESCRIBED AS FOLLOWS:

ALL THAT TRACT OR PARCEL OF LAND, situate in the Town of Clay, County of Onondaga and State of New York, being a part of Lot No. 76 in said Town bounded and described as follows:

Beginning at the point of intersection with the division line between the lands now or formerly of KRSM, LLC as described in Book 5023 of Deeds at Page 485 on the west and the lands now or formerly of TDJ Properties, LLC as described in Book 4889 of Deeds at Page 495 on the east with the original southerly line of Buckley Road;

Thence South 04°39' 30" west, along said division line, 808.74 feet to it's intersection with the division line between the said lands of KRSM, LLC on the north and the said lands of TDJ Properties, LLC on the south;

Thence North 87° 21' 00" West, along said division line, 600.00 feet to the southwest corner of the said lands of KRSM, LLC;

Thence North 04° 39' 30" East, along the west line of the said lands of KRSM, LLC, 794.66 feet to its intersection with the southerly line of Buckley Road as appropriated in Book 2318 of Deeds at Page 544;

Thence along the last described southerly line of Buckley Road the following (2) courses and distances;

1. South 88°07'28" East 540.45 feet to a point; and

2. North $85^{\circ}01' 58''$ East 50.36 feet to a point on the original southerly line of Buckley Road; thence south $87^{\circ} 54' 40''$ East, along said original southerly line of Buckley Road, 10.17 feet to the point or place of beginning.

TOGETHER with the benefits and subject to the burdens of a sixty (60) foot right of way recited in easement agreement between Lipe-Rollway Corporation and S.U.P.A., Inc. recorded March 20, 1970 in Book 2424 of Deeds at Page 344, as amended by agreement recorded September 19, 1975 in Book 2563 of Deeds at Page 786.