

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AND

MORSE MANUFACTURING CO., INC.

PAYMENT IN LIEU OF TAX AGREEMENT

Street Address:

103-105 Kuhn Road
Town of Salina, Onondaga County
New York

Tax Map Numbers:

073.-07-29.2
073.-07-30.0

Affected Tax Jurisdictions:

Onondaga County
Town of Salina
North Syracuse Schools

Dated as of December 1, 2018

PAYMENT IN LIEU OF TAX AGREEMENT

THIS PAYMENT IN LIEU OF TAX AGREEMENT, dated as of December 1, 2018 (the "Agreement"), is by and between the **ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation of the State of New York with offices at 333 W. Washington Street, Suite 130, Syracuse, New York 13202 (the "Agency") and **MORSE MANUFACTURING CO., INC.**, a New York corporation having a mailing address at Post Office Box 518, East Syracuse, New York 13057 (the "Company").

WITNESSETH:

WHEREAS, the Agency was created by Chapter 435 of the Laws of 1970 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") as a body corporate and politic and as a public benefit corporation of the State of New York; and

WHEREAS, the Company has requested the Agency's assistance with a certain project consisting of (i) the Agency taking title to or a leasehold (or other) interest in certain land located at 103-105 Kuhn Road in the Town of Salina, County of Onondaga (being more particularly identified as tax map numbers 073.-07-29.2 and 073.-07-30.0) (collectively, the "Land") and the existing improvements located thereon, consisting of an approximately 87,731 square foot warehouse and an approximately 40,000 square foot truck terminal (the "Existing Improvements"); (ii) the complete renovation of the Existing Improvements; (iii) the construction and renovation on the Land of any additional improvements to house a corporate headquarters and manufacturing facility (collectively, the "Improvements"); and (iv) the acquisition and installation by the Company in and around the Land and the Improvements of items of equipment and other tangible personal property (the "Equipment"; and, together with the Land, the Existing Improvements and the Improvements, the "Facility"); and

WHEREAS, pursuant to a certain Master Lease Agreement, dated as of January 4, 2017 (as the same may be amended from time to time) by and between Andrews Realty Holding LLC ("Andrews Realty") and the Company, Andrews Realty leases the Land and Existing Improvements to the Company; and

WHEREAS, in order to induce the Company to acquire, renovate, construct and equip the Facility, the Agency is willing to take a leasehold interest in the Land, the Improvements, and the Equipment constituting the Facility and lease said Land, the Improvements and the Equipment constituting the Facility back to the Company pursuant to the terms and conditions of a certain Leaseback Agreement to be dated as of December 1, 2018 (the "Leaseback Agreement"); and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from the payment of taxes imposed upon real property and improvements 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 provisions for payments in lieu of taxes by the Company to the Agency for the benefit of Onondaga County (the "County"), Town of Salina (the "Town") and the North Syracuse Schools (the "School District"; and, collectively with the County, and the Town, the "Affected Tax Jurisdictions").

NOW, THEREFORE, in consideration of the covenants herein contained, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

Section 1 - Payment in Lieu of Ad Valorem Taxes:

Section 1.1 A. Subject to the completion and filing by the Agency by the taxable status date (**March 1, 2019**) (the "Taxable Status Date") of New York State Form RP-412-a "Application For Real Property Tax Exemption" (the "Exemption Application") under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act and the approval of the Exemption Application by the appropriate assessors or Board of Assessment Review, the Facility shall be exempt from Real Estate Taxes (as defined below) commencing with the (i) the 2020 County and Town tax year, and (ii) the 2019-2020 School District tax year. For purposes of the foregoing "Real Estate Taxes" means all general levy real estate taxes levied against the Facility by the County, Town and School District. The Company shall provide to the Agency with the information necessary for the completion and filing of the Exemption Application and shall provide such additional information and take such actions as are required by the appropriate assessors or Board of Assessment Review to process and approve the Exemption Application. Notwithstanding anything contained herein or in the Leaseback Agreement to the contrary, in the event the exemption from Real Estate Taxes is denied for any reason, the Company shall pay (and hereby agrees to pay) all Real Estate Taxes levied upon the Facility as they become due. After giving written notice to the Agency, the Company may in good faith contest the denial of the Exemption Application, provided that (i) the overall operating efficiency of the Facility is not impaired and the Facility continues to qualify as a "project" under the Act; (ii) neither the Facility nor any part of or interest in it would be in any danger of being sold, forfeited or lost; or (iii) neither the Company nor the Agency, as a result of such contest, shall be in any danger of any civil or criminal liability. The Company hereby waives any claim or cause of action against the Agency, and releases the Agency from any liability to the Company, arising from the denial of an exemption from Real Estate Taxes except to the extent that such denial results solely from the failure of the Agency to file the Exemption Application with the appropriate assessors or Board of Assessment Review by the Taxable Status Date.

B. Payee. As long as the Project is owned by or leased to the Agency or under its jurisdiction, control or supervision, the Company shall pay, or cause to be paid, an amount equal to the Total PILOT Payment, as described on Schedule A attached hereto (the "Total PILOT Payment"), after receipt of a tax bill from the Agency. Failure to receive a tax bill shall not relieve the Company to make all payments provided for hereunder on or before January 31 of each calendar year (the "Payment Date"). If for any reason, the Company does not receive a tax bill, the Company shall have the responsibility and obligation to make all reasonable inquiries to the Agency to have such tax bill issued, and thereafter make payment of the same no later than the Payment Date.

The parties agree and acknowledge that payments made hereunder are to obtain revenues for public purposes, and to provide a revenue source that the Affected Tax Jurisdictions would otherwise lose because the Land is not on the tax rolls.

1.2 Allocation. The Agency shall remit to the Affected Tax Jurisdictions amounts received hereunder, within thirty (30) days after receipt of said payment and shall allocate said payments among the Affected Tax Jurisdictions in the same proportion as ad valorem taxes would have been allocated but for the Agency's involvement, unless the Affected Tax Jurisdictions have consented in writing to an alternative allocation.

1.3 Tax Rates. For purposes of determining the allocation of the Total PILOT Payment among the Affected Tax Jurisdictions, the Agency shall use the last tax rate utilized for levy of taxes by each such jurisdiction. For County, Town and special district purposes, the tax rates used to determine the allocation of the Total PILOT Payment shall be the tax rates relating to the calendar year which includes the PILOT payment due date. For School District purposes, the tax rates used to determine the PILOT payment shall be the rate relating to School District year which includes the PILOT payment due date.

1.4 Valuation of Future Additions to the Facility: If there shall be a future addition to the Facility constructed or added in any manner after the date of this Agreement, the Company shall notify the Agency of such future addition ("Future Addition"). The notice to the Agency shall contain a copy of the application for a building permit, plans and specifications, and any other relevant information that the Agency may thereafter request. Upon the earlier of substantial completion, or the issuance of a certificate of occupancy for any such Future Addition to the Facility, the Company shall become liable for payment of an increase in the Total PILOT Payment (the "Increased PILOT Payment"). The Agency shall notify the Company of any proposed increase in the Total PILOT Payment related to such Future Addition. If the Company shall disagree with the determination of assessed value for any Future Additions made by the Agency, then and in that event that valuation shall be fixed by a court of competent jurisdiction. Notwithstanding any disagreement between the Company and the Agency, the Company shall pay the Increased PILOT Payment until a different Total PILOT Payment shall be established. If a lesser Total PILOT Payment is determined in any proceeding or by subsequent agreement of the parties, the Total PILOT Payment shall be re-computed and any excess payment shall be refunded to the Company or, in the Agency's sole discretion, such excess payment shall be applied as a credit against the next succeeding PILOT payment(s).

1.5 Period of Benefits. The tax benefits provided for herein are deemed to include (i) the 2019-20 School tax year through the 2030-2031 School tax year and (ii) the 2020 County and Town tax year through the 2031 County and Town tax years. This PILOT Agreement shall expire on December 31, 2031; *provided, however*, the Company shall pay (i) the 2031-2032 School tax bill and (ii) the 2032 County and Town tax bills on the dates and in the amounts as if the Agency were not in title on the tax status date with respect to said tax years. In no event shall the Company be entitled to receive tax benefits relative to the Project for more than the periods provided for herein, unless the period is extended by amendment to this Agreement executed by both parties after any applicable public hearings. The Company agrees that it will not seek any

tax exemption for the Project which could provide benefits for more than the periods provided for herein and specifically agrees that the exemptions provided for herein, to the extent actually received (based on the number of lease years elapsed), supersede and are in substitution of the exemptions provided by Section 485-b of the New York Real Property Tax Law ("RPTL"). It is hereby agreed and understood that the Affected Tax Jurisdictions can rely upon and enforce the above waiver to the same extent as if they were signatories hereto.

Section 2 - Special District Charges, Special Assessments and other Charges. Special district charges, special assessments, and special ad valorem levies (specifically including but not limited to fire district charges), and pure water charges and sewer charges are to be paid in full in accordance with normal billing practices.

Section 3 - Transfer of Facility. In the event that the Facility is transferred from the Agency to the Company, and the Company is ineligible for a continued tax exemption under some other tax incentive program, or the exemption results in a payment to the Affected Tax Jurisdictions in excess of the payment described in Section 1 herein, or this Agreement terminates and the property is not timely transferred back to the Company, the Company agrees to pay no later than the next tax lien date (plus any applicable grace period), to each of the Affected Tax Jurisdictions, an amount equal to the taxes and assessments which would have been levied on the Facility if the Facility had been classified as fully taxable as of the date of transfer or loss of eligibility of all or a portion of the exemption described herein or date of termination.

Section 4 - Assessment Challenges.

4.1 During the term of this Agreement, the Company shall have the rights and remedies of a taxpayer as if and to the same extent as if the Company were the owner of the Facility, with respect to any proposed assessment or change in assessment with respect to the Facility by any of the Affected Tax Jurisdictions and likewise shall be entitled to protest before and be heard by the appropriate assessors or Board of Assessment Review, and shall be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment or the validity or amount of any tax equivalent provided for herein.

4.2 The Company shall have all of the rights and remedies of a taxpayer with respect to any tax, service charge, special benefit, ad valorem levy, assessment, or special assessment or service charge in lieu of which the Company is obligated to make a payment pursuant to this Agreement, as if and to the same extent as if the Company were the owner of the Facility.

4.3 The Company shall (i) cause the appropriate real estate tax assessment office and tax levy officers to assess the Facility and apply tax rates to the respective assessments as if the Facility were owned by the Company, (ii) file any accounts or tax returns required by the appropriate real estate tax assessment office and tax levy officers.

Section 5 - Changes in Law. To the extent the Facility is declared to be subject to taxation or assessment by an amendment to the Act, other legislative change, or by final

judgment of a Court of competent jurisdiction, the obligations of the Company hereunder shall, to such extent, be null and void.

Section 6 - Events of Default.

6.1 The following, if continuing after the giving of requisite notice and beyond all applicable cure periods (if any), shall constitute "Events of Default" hereunder. The failure by the Company to: (i) make the payments described in Section 1 hereof within thirty (30) days after the Payment Date (the "Delinquency Date"); (ii) make any other payments described herein on or before the last day of any applicable cure period within which said payment can be made without penalty; or (iii) the occurrence and continuance of any event of default under the Leaseback Agreement. Upon the occurrence of any Event of Default hereunder, in addition to any other right or remedy the Agency and/or the Affected Tax Jurisdictions may have at law or in equity, the Agency and/or Affected Tax Jurisdictions may, immediately and without further notice to the Company (but with notice to the Agency with respect to actions maintained by the Affected Tax Jurisdictions), 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 Affected Tax Jurisdictions 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 promptly notify the Agency of any action brought, or other measure taken, by any Affected Tax Jurisdiction to recover any such amount.

6.2 If payments pursuant to Section 1 and Section 2 herein are not made by the Delinquency Dates, or if any other payment required to be made hereunder is not made by the last day of any applicable cure period within which said payment can be made without penalty, the Company shall pay penalties and interest as follows. With respect to payments to be made pursuant to Section 1 herein, if said payment is not received by the Delinquency Date defined in Section 6.1 herein, Company shall pay, in addition to said payment, (i) a late payment penalty equal to five percent (5%) of the amount due and (ii) for each month, or any part thereof, that any such payment is delinquent beyond the first month, interest on the total amount due plus the late payment penalty, in an amount equal to one percent (1%) per month; and, with respect to all other payments due hereunder, if said payment is not paid within any applicable cure period, the Company shall pay, in addition to said payment, the greater of the applicable penalties and interest or penalties and interest which would have been incurred had payments made hereunder been tax payments to the Affected Tax Jurisdictions.

Section 7 - Assignment. No portion of any interest in this Agreement may be assigned by the Company, nor shall any person other than the Company be entitled to succeed to or otherwise obtain any benefits of the Company hereunder without the prior written consent of the Agency, which shall not be unreasonably withheld or delayed.

Section 8 - Miscellaneous.

8.1 This Agreement may be executed in any number of counterparts each of which shall be deemed an original but which together shall constitute a single instrument.

8.2 All notices, claims and other communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or mailed first class, postage prepaid, as follows:

To the Agency: Onondaga County Industrial Development Agency
333 W. Washington Street, Suite 130
Syracuse, New York 13202
Attn: Executive Director

With copies to: Harris Beach PLLC
333 W. Washington Street, Suite 200
Syracuse, New York 13202
Attn: Christopher A. Andreucci, Esq.

To the Company before completion of the Improvements:
Morse Manufacturing Co., Inc.
Post Office Box 518
East Syracuse, New York 13057
Attn: Nathan Andrews, President

To the Company after completion of the Improvements:
Morse Manufacturing Co., Inc.
103-105 Kuhn Road
Syracuse, New York 13208
Attn: Nathan Andrews, President

With copies to: Barclay Damon LLP
Barclay Damon Tower
125 East Jefferson Street
Syracuse, New York 13202
Attn: Kevin McAuliffe, Esq.

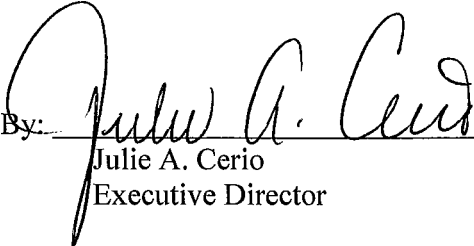
or at such other address as any party may from time to time furnish to the other party by notice given in accordance with the provisions of this Section. All notices shall be deemed given when mailed or personally delivered in the manner provided in this Section.

8.3 This Agreement shall be governed by, and all matters in connection herewith shall be construed and enforced in accordance with, the laws of the State of New York applicable to agreements executed and to be wholly performed therein and the parties hereto hereby agree to submit to the personal jurisdiction of the federal or state courts located in the Onondaga County, New York.

8.4 Notwithstanding any other term or condition contained herein, all obligations of the Agency hereunder shall constitute a special obligation payable solely from the revenues and other monies, if any, derived from the Facility and paid to the Agency by the Company. Neither any member, officer, employee, agent (other than the Company) or servant of the Agency nor any person executing this Agreement on its behalf shall be liable personally under this Agreement. No recourse shall be had for the payment of the principal or interest on amounts due hereunder or for any claim based upon or in respect of any modification of or supplement hereto against any past, present or future member, officer, agent (other than the Company), servant, or employee, as such, of the Agency, or of any successor or political subdivision, either directly or through the Agency or any such successor, all such liability of such members, officer, agents (other than the Company), servants and employees being, to the extent permitted by law, expressly waived and released by the acceptance hereof and as part of the consideration for the execution of this Agreement.

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

**ONONDAGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By:  _____
Julie A. Cerio
Executive Director

MORSE MANUFACTURING CO., INC.


By: _____
Nathan Andrews
President

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

**ONONDAGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Julie A. Cerio
Executive Director

MORSE MANUFACTURING CO., INC.

By:  _____
Nathan Andrews
President

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

**ONONDAGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Julie A. Cerio
Executive Director

MORSE MANUFACTURING CO., INC.

By: _____
Nathan Andrews
President

SCHEDULE A

to

PILOT Agreement dated as of December 1, 2018,

between

Onondaga County Industrial Development Agency
and Morse Manufacturing Co., Inc.

PILOT Year	County and Town Tax Year	School Tax Year	Total PILOT Payment
Year 1	2020	2019-2020	\$35,634
Year 2	2021	2020-2021	\$36,347
Year 3	2022	2021-2022	\$37,074
Year 4	2023	2022-2023	\$43,983
Year 5	2024	2023-2024	\$51,154
Year 6	2025	2024-2025	\$58,594
Year 7	2026	2025-2026	\$66,311
Year 8	2027	2026-2027	\$74,313
Year 9	2028	2027-2028	\$82,609
Year 10	2029	2028-2029	\$91,207
Year 11	2030	2029-2030	\$100,116
Year 12	2031	2030-2031	\$109,345
Year 13 and thereafter...Full Taxes			

Exhibit A - Property Description

ALL THAT TRACT OR PARCEL OF LAND SITUATE IN THE TOWN OF SALINA, County of Onondaga, State of New York, and being part of Subdivision 46, 47, and 48 in Military Lot or Farm Lot Number 27 filed in the Onondaga County Clerk's Office February 6, 1997, and being more particularly bounded and described as follows:

BEGINNING AT A POINT located on the northerly line of Assumption Cemetery, a distance of 1,260.32-feet westerly from an iron pipe monument located at the intersection of the east line of M.L. 27 and the said northerly line of Assumption Cemetery;

THENCE, North 47 degrees 33 minutes 25 seconds West, for a distance of 417.16-more or less feet to a point on the southerly line of Kuhn Road;

THENCE, South 39 degrees 47 minutes 10 seconds West, for a distance of 670.5-feet to a point;

THENCE, South 47 degrees 05 minutes 10 seconds East, for a distance of 386.0-feet to a point on the northerly line of Assumption Cemetery;

THENCE, North 42 degrees 26 minutes 35 seconds East, for a distance of 673.0-feet to a the point and place of beginning.