
CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AND

CORTLAND COMMERCE CENTER, LLC

PAYMENT IN LIEU OF TAX AGREEMENT

DATED AS OF MAY 28, 2010

RELATING TO THE PREMISES LOCATED AT 839 N.Y.S.
ROUTE 13 IN THE TOWN OF CORTLANDVILLE,
CORTLAND COUNTY, NEW YORK.

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.)

| | <u>PAGE</u> |
|--|-------------|
| PARTIES | 1 |
| RECITALS | 1 |
| ARTICLE I REPRESENTATIONS AND WARRANTIES | |
| Section 1.01. Representations of and Warranties by the Company | 4 |
| Section 1.02. Representations of and Warranties by the Agency..... | 5 |
| ARTICLE II COVENANTS AND AGREEMENTS | |
| Section 2.01. Tax-Exempt Status of the Facility Premises | 6 |
| Section 2.02. Payments in Lieu of Taxes | 7 |
| Section 2.03. Credit for Taxes Paid..... | 11 |
| Section 2.04. Late Payments..... | 12 |
| ARTICLE III LIMITED OBLIGATION | |
| Section 3.01. No Recourse; Limited Obligation of the Agency | 12 |
| ARTICLE IV EVENTS OF DEFAULT AND REMEDIES | |
| Section 4.01. Events of Default | 13 |
| Section 4.02. Remedies on Default..... | 14 |
| Section 4.03. Payment of Attorneys' Fees and Expenses | 15 |
| Section 4.04. Remedies; Waiver and Notice | 15 |
| ARTICLE V MISCELLANEOUS | |
| Section 5.01. Term | 15 |
| Section 5.02. Form of Payments | 16 |
| Section 5.03. Company Acts | 16 |

| | |
|------------------------------------|----|
| Section 5.04. Amendments | 16 |
| Section 5.05. Notices | 16 |
| Section 5.06. Binding Effect | 17 |
| Section 5.07. Severability | 18 |
| Section 5.08. Counterparts..... | 18 |
| Section 5.09. Applicable Law | 18 |
| TESTIMONIUM | 18 |
| SIGNATURES | 18 |
| ACKNOWLEDGMENTS | 19 |

EXHIBIT A – Description of the Facility Parcel

PAYMENT IN LIEU OF TAX AGREEMENT

THIS PAYMENT IN LIEU OF TAX AGREEMENT dated as of May 28, 2010 (the "Payment in Lieu of Tax Agreement") by and between CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation organized and existing under the laws of the State of New York having an office for the transaction of business located at 37 Church Street, Cortland, New York (the "Agency") and CORTLAND COMMERCE CENTER, LLC, a limited liability company organized and existing under the laws of the State of New York having an office for the transaction of business located at 1 N. Main Street, Cortland, New York 13045 (the "Company");

WITNESSETH

WHEREAS, Title 1 of Article 18-A of the General Municipal Law of the State of New York (the "Enabling Act") was duly enacted into law as Chapter 1030 of the Laws of 1969 of the State of New York; and

WHEREAS, the Enabling Act authorizes and provides for the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State of New York (the "State") and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and dispose of land and any building or other improvement, and all real and personal properties, including, but not limited to, machinery and equipment, deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial or industrial purposes, in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State and to improve their standard of living; and

WHEREAS, the Enabling Act further authorizes each such agency to lease or sell any or all of its projects, to charge and collect rent or the purchase price therefore; and

WHEREAS, the Agency was created, pursuant to and in accordance with the provisions of the Enabling Act, by Chapter 77 of the Laws of 1974 of the State (collectively with the Enabling Act, the "Act") and is empowered under the Act to undertake the Project (as hereinafter defined) in order to so advance the job opportunities, health, general prosperity and economic welfare of the people of the State and improve their standard of living; and

WHEREAS, by resolution adopted by the members of the Agency on July 13, 2009 (the "Preliminary Inducement Resolution"), the Agency made a preliminary determination to undertake a project (the "Project") consisting of the following: (A) (1) the acquisition of an interest in an approximately 48.181 acre parcel of land (the "Land") located at 839 N.Y.S. Route 13 in the Town of Cortlandville, Cortland County, New York, (2) the renovation on the Land of a building containing approximately 420,000 square feet of space (the "Facility"), and (3) the acquisition and installation therein and

thereon of certain machinery, fixtures and equipment (the "Equipment"), all of the foregoing to constitute a commercial mixed use building consisting of office space, manufacturing and warehouse facilities to be operated by the Company and occupied by tenants (the Land, the Facility and the Equipment being collectively referred to as the "Project Facility"); (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 taxes, real estate transfer taxes, mortgage recording taxes and real property taxes (collectively, the "Financial Assistance"); and (C) 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

WHEREAS, pursuant to the Preliminary Inducement Resolution adopted by the members of the Agency on July 13, 2009 the Executive Director of the Agency (A) caused notice of a public hearing of the Agency to hear all persons interested in the Project and the financial assistance being contemplated by the Agency with respect to the Project (the "Public Hearing") to be mailed on July 20, 2009 to the chief executive officer of the county and of each city, town, village and school district in which the Project is to be located, (B) caused notice of the Public Hearing to be published on July 23, 2009 in the Cortland Standard, a newspaper of general circulation available to residents of the Town of Cortlandville, (C) conducted the Public Hearing on August 10, 2009 at 10:30 o'clock a.m., local time at the Town of Cortlandville Town Hall located at 3577 Terrace Road, in the Town of Cortlandville, Cortland County, New York, and (D) prepared a report of the Public Hearing which fairly summarized the views presented at said public hearing and distributed same to the members of the Agency; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act"), and the regulations (the "Regulations") adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, "SEQRA"), the members of the Agency, adopted a resolution on July 13, 2009 (the "SEQR Resolution") in which the Agency determined (A) that the Project constitutes an "Unlisted Action", (B) therefore that the coordinated review procedures outlined in the Regulations are strictly optional, (C) that the Project will not have a "significant effect on the environment" pursuant to SEQRA and, therefore that no environmental impact statement need be prepared with respect to the Project, and (D) that a negative declaration would be prepared with respect to the Project; and

WHEREAS, pursuant to Section 874 of the Act, the Executive Director of the Agency caused a Notice of Deviation from the Uniform Tax Exemption Policy to be mailed on August 5, 2009 to the chief executive officer of the county and of each city, town, village and school district in which the Project is to be located; and

WHEREAS, by resolution adopted by the members of the Agency on August 10, 2009 (the "Final Inducement Resolution"), the Agency determined, following a review of

the Report, to finalize the preliminary determination made by the Agency in the Preliminary Inducement Resolution to proceed with the Project; and

WHEREAS, by resolution adopted by the members of the Agency on August 10, 2009 (the "Approving Resolution"), the Agency determined to grant the Financial Assistance and to enter into a lease agreement dated as of May 28, 2010 (the "Lease Agreement") between the Agency and the Company and certain other documents related thereto and to the Project (collectively with the Lease Agreement, the "Basic Documents"); and

WHEREAS, by resolution adopted by the members of the Agency on May 10, 2010 (the "Consent to Assignment Resolution") the Agency consented to the assignment of the approval of financial assistance from D. Yaman Properties, LLC to Cortland Commerce Center, LLC; and

WHEREAS, pursuant to the terms of the Lease Agreement, (A) the Company will agree (1) to cause the Project to be undertaken and completed, and (2) as agent of the Agency, to undertake and complete the Project and (B) the Agency has leased the Project facility to the Company for a lease term ending on the earlier to occur of (1) January 31, 2021 or (2) the date on which the Lease Agreement is terminated pursuant to the termination provisions thereof. The Lease Agreement grants to the Company certain options to acquire the Project Facility from the Agency; and

WHEREAS, simultaneously with the execution and delivery of the Lease Agreement (the "Closing"), (A) the Company will execute and deliver to the Agency (1) a certain lease to agency dated as of May 28, 2010 (the "Underlying Lease"), pursuant to which the Company leases to the Agency the Land under the Facility (the "Facility Parcel") for a lease term ending on the earlier to occur of (a) January 31, 2021, or (b) the date on which the Lease Agreement is terminated pursuant to the termination provisions thereof, and (2) a bill of sale dated as of May 28, 2010 (the "Bill of Sale to Agency"), from the Company to the Agency, pursuant to which the Company will convey to the Agency its interest in the portion of the Project Facility constituting the Equipment, fixtures and other personal property, (B) the Company and the Agency will execute and deliver a payment in lieu of tax agreement dated as of May 28, 2010 (the "Payment in Lieu of Tax Agreement") by and between the Agency and the Company, pursuant to which the Company will agree to pay certain payments in lieu of taxes with respect to the Facility Parcel and the Facility, and (C) a copy of a New York State Board of Real Property Services Form 412-a (the form required to be filed by the Agency in order for the Agency to obtain a real property tax exemption with respect to the Facility Parcel and the Facility under Section 412-a of the Real Property Tax Law) (the "Real Property Tax Exemption Form") relating to the Facility Parcel and the Facility and the Payment in Lieu of Tax Agreement will be mailed by the Agency to the assessor and the chief executive officer of each "affected tax jurisdiction" (within the meaning of such quoted term in Section 854(16) of the Act); and

WHEREAS, pursuant to the terms set forth in the Lease Agreement, the Agency will obtain a leasehold interest in the Facility Parcel, which Facility Parcel is more fully described on Exhibit "A" attached hereto; and

WHEREAS, pursuant to the Lease Agreement, the Agency proposes to construct the Facility on the Facility Parcel (the Facility Parcel and the Facility being sometimes collectively referred to as the "Facility Premises"); 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 "Real Property Tax Law"), the Agency is required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction or supervision or control; and

WHEREAS, pursuant to the provisions of Section 6.6 of the Lease Agreement, the Company has agreed to make payments in lieu of taxes (A) with respect to the Facility Premises in an amount equivalent to normal taxes and (B) with respect to the balance of the Project Facility in an amount equivalent to normal taxes; provided that, so long as this Payment in Lieu of Tax Agreement shall be in effect, the Company shall during the term of this Payment in Lieu of Tax Agreement make payments in lieu of taxes with respect to the Facility Premises in the amounts and in the manner provided in this Payment in Lieu of Tax Agreement, and during such period the provisions of Section 6.6 of the Lease Agreement shall not control the amounts due as payment in lieu of taxes with respect to the Facility Premises; and

WHEREAS, all things necessary to constitute this Payment in Lieu of Tax Agreement as a valid and binding agreement by and between the parties hereto in accordance with the terms hereof have been done and performed, and the creation, execution and delivery of this Payment in Lieu of Tax Agreement have in all respects been duly authorized by the Agency and the Company.

NOW, THEREFORE, in consideration of the matters above recited, the parties hereto formally covenant, agree and bind themselves as follows, to wit:

ARTICLE I REPRESENTATIONS AND WARRANTIES

SECTION 1.01. REPRESENTATIONS OF AND WARRANTIES BY THE COMPANY.
The Company does hereby represent, warrant and covenant as follows:

(A) Power. The Company is a limited liability company duly organized and validly existing under the laws of the State of New York, is duly authorized to do business in the State, and has the power under the laws of the State to enter into this Payment in Lieu of Tax 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 Payment in Lieu of Tax Agreement, and by proper action of its

manager (and members, if necessary) has been duly authorized to execute, deliver and perform this Payment in Lieu of Tax Agreement.

(B) Authorization. The Company is authorized and has the power under its Articles of Organization, Operating Agreement and the laws of the State to enter into this Payment in Lieu of Tax 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 Payment in Lieu of Tax Agreement. By proper action of its members, the Company has duly authorized the execution, delivery and performance of this Payment in Lieu of Tax Agreement and the consummation of the transactions herein contemplated.

(C) Conflicts. The Company is not prohibited from entering into this Payment in Lieu of Tax Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Payment in Lieu of Tax Agreement by (and the execution, delivery and performance of this Payment in Lieu of Tax Agreement, the consummation of the transactions contemplated hereby and the fulfillment of and compliance with the provisions of this Payment in Lieu of Tax Agreement will not conflict with or violate or constitute a breach of or a default under) the terms, conditions or provisions of its Articles of Organization or Operating Agreement or any other corporate restriction, 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 the Company or any of its property is bound, and neither the Company's entering into this Payment in Lieu of Tax Agreement nor the Company's discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Payment in Lieu of Tax 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, and this Payment in Lieu of Tax Agreement is the legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(D) Governmental Consents. No consent, approval or authorization of, or filing, registration or qualification with, any governmental or public authority on the part of the Company is required as a condition to the execution, delivery or performance of this Payment in Lieu of Tax Agreement by the Company or as a condition to the validity of this Payment in Lieu of Tax Agreement.

SECTION 1.02. REPRESENTATIONS OF AND WARRANTIES BY THE AGENCY.
The Agency does hereby represent, warrant and covenant as follows:

(A) Power. The Agency is a public benefit corporation of the State, has been duly established under the provisions of the Act, is validly existing under the provisions of the Act and has the power under the laws of the State of New York to enter into the transactions contemplated by this Payment in Lieu of Tax Agreement and to carry out 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 Payment in Lieu of Tax Agreement hereunder.

(B) Authorization. The Agency is authorized and has the corporate power under the Act, its by-laws and the laws of the State to enter into this Payment in Lieu of Tax Agreement and the transactions contemplated hereby and to perform and carry out all the covenants and obligations on its part to be performed under and pursuant to this Payment in Lieu of Tax Agreement. By proper corporate action on the part of its members, the Agency has duly authorized the execution, delivery and performance of this Payment in Lieu of Tax Agreement and the consummation of the transactions herein contemplated.

(C) Conflicts. The Agency is not prohibited from entering into this Payment in Lieu of Tax Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Payment in Lieu of Tax Agreement by the terms, conditions or provisions of any order, judgment, decree, law, ordinance, rule or regulation of any court or other agency or authority of government, or any agreement or instrument to which the Agency is a party or by which the Agency is bound.

ARTICLE II COVENANTS AND AGREEMENTS

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

(A) Assessment of the Facility Premises. Pursuant to Section 874 of the Act and Section 412-a of the Real Property Tax Law, the parties hereto understand that, upon the leasing of the Facility Premises by the Agency and the filing by the Agency of a New York State Board of Real Property Services Form RP-412-a with respect to the Facility Premises, and for so long thereafter as the Agency shall have an interest in the Facility Premises, the Facility Premises shall be assessed by the various taxing entities having jurisdiction over the Facility Premises, including, without limitation, any county, city, school district, town, village or other political unit or units wherein the Facility Premises is located (such taxing entities being sometimes collectively hereinafter referred to as the "Taxing Entities", and each of such Taxing Entities being sometimes individually hereinafter 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 Facility Premises created by the Underlying Lease and the filing of the Real Property Tax Exemption Form. The Company shall, promptly, following acquisition by the Agency of the leasehold interest in the Facility Premises created by the Underlying Lease, take such action as may be necessary to

ensure that the Facility Premises shall be assessed as exempt upon the assessment rolls of the respective Taxing Entities prepared subsequent to such acquisition by the Agency, including ensuring that a Real Property Tax Exemption Form shall be filed with the appropriate officer or officers of each respective Taxing Entity responsible for assessing properties on behalf of each such Taxing Entity (each such officer being hereinafter referred to as an "Assessor"). For so long thereafter as the Agency shall own such leasehold interest in the Facility Premises, the Company 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 Facility Premises shall not be entitled to such tax-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 becomes the owner of record of such leasehold interest in the Facility Premises and the Real Property Tax Exemption Form is filed. Pursuant to the provisions of the Lease Agreement, the Company will be required to pay all taxes and assessments lawfully levied and/or assessed against the Facility Premises, including taxes and assessments levied for the current tax year and all subsequent tax years until the Facility Premises shall be entitled to exempt status on the tax rolls of the respective Taxing Entities. The Agency will cooperate with the Company to obtain and preserve the tax-exempt status of the Facility Premises.

(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 Real Property Tax Law does not entitle the Agency to exemption from special assessments and special ad valorem levies. Pursuant to the Lease Agreement, the Company will be required to pay all special assessments and special ad valorem levies lawfully levied and/or assessed against the Facility Premises.

SECTION 2.02. PAYMENTS IN LIEU OF TAXES.

(A) Agreement to Make Payments. The Company agrees that it shall make annual payments in lieu of property taxes in the amounts hereinafter provided to the Agency. The Company also agrees to give the Assessors a copy of this Payment in Lieu of Tax Agreement. The payments due hereunder shall be paid by the Company to the Agency for distribution to the Receivers of Taxes to the appropriate Taxing Entities entitled to same pursuant to the provisions hereof.

(B) Valuation of the Facility Premises.

(1) The value of the Facility Premises (hereinafter referred to as the "Assessed Value") shall be determined by the appropriate Assessors. The Company agrees to give the Assessors a copy of this Payment in Lieu of Tax Agreement. The parties hereto agree that the Assessors shall (a) appraise the Facility Premises in the same manner as other similar properties in the general area of the Facility Premises, and (b) place an Assessed Value upon the Facility Premises, equalized if necessary by using the appropriate equalization rates as apply in the assessment and levy of real

property taxes. The Company shall be entitled to written notice of the initial determination of the Assessed Value and of any change in the Assessed Value.

(2) If the Company is dissatisfied with the amount of the Assessed Value of the Facility Premises as initially established or as changed, and if the Company shall have given written notice of such dissatisfaction to the appropriate Assessor and the Agency within thirty (30) days of receipt by the Company of written notice of the initial establishment of such Assessed Value, or of a change in such Assessed Value, then the Company shall be entitled to protest before, and to be heard by, the appropriate Assessor and undertake any and all necessary or desired proceedings to complete a challenge of such Assessed Value. Any payments in lieu of taxes due upon the Facility Premises pursuant to Section 2.02(C) hereof may not be withheld by the Company pending determination of the Assessed Value.

(C) Amount of Payments in Lieu of Taxes. The payments in lieu of taxes to be paid by the Company to the Agency annually on behalf of each Taxing Entity pursuant to the terms of this Payment in Lieu of Tax Agreement shall be computed as follows, without regard to the Assessed Value:

(1) Except as provided in paragraph (2) below, in each tax year during the term of this Payment in Lieu of Tax Agreement, commencing on the first tax year following the date on which the Facility Premises shall be assessed as exempt on the assessment roll of any Taxing Entity, the amount payable by the Company to the Agency on behalf of each Taxing Entity as a payment in lieu of property tax pursuant to this Payment in Lieu of Tax Agreement shall be an amount equal to Ninety Three Thousand Dollars (\$93,000.00). For each tax year after the expiration of the term of this Payment in Lieu of Tax Agreement and until such time as the Project Facility is removed from the exempt tax roll, the amount payable by the Company to the Agency on behalf of each Taxing Entity as a payment in lieu of property tax pursuant to this Payment in Lieu of Tax Agreement shall be an amount equal to the real property taxes which would otherwise be due if the Project Facility were owned by the Company and not leased to the Agency.

(2) The parties recognize that the purpose of the Project is to create or retain permanent private sector jobs in Cortland County. Accordingly, the parties have agreed that the amount of payments in lieu of taxes payable with respect to the Project Facility shall bear a direct relationship to the success or lack of success of the Project in achieving this goal. Therefore, on or before November 1 of each calendar year during the term of this Payment in Lieu of Tax Agreement, the Company shall file with the Agency an affidavit indicating the average number of full time equivalent employees (35 hours per week equaling one full time equivalent employee ("FTE") employed at the Project Facility during the preceding twelve (12) month period). The Company agrees to endeavor to maintain 190 FTEs at the Project Facility during the term of this Agreement. If in any year during the term of this Agreement the Company fails to maintain at least 152 FTEs, the payment required to be made by the Company the following January 1 shall be, to the extent permitted by law, the lesser of (1) \$93,000.00

divided by a fraction the numerator of which is the average number of full time equivalent employees at the Project Facility for such prior year and the denominator of which is the minimum FTE requirement of 152 or (2) the amount that would be payable if the Project Facility were owned by the Company and not leased to the Agency.

If the Company fails to file such an affidavit with the Agency on or before November 1 of a calendar year, then the Agency shall be entitled to receive and the Company shall pay an amount equal to the real property taxes which would otherwise be due if the Project Facility were owned by the Company and not leased to the Agency.

(D) Additional Amounts in Lieu of Taxes. Commencing on the first tax year following the date on which any structural addition shall be made to the Facility Premises or any portion thereof or any additional building or other structure shall be constructed on the Facility Parcel (such structural additions and additional buildings and other structures being hereinafter referred to as "Additional Facilities.") The definition of Additional Facilities shall specifically exclude an approximately 7,000 square foot addition to be constructed as part of the Project Facility constituting a loading dock and other improvements for the benefit of tenants. The Company agrees to make additional annual payments in lieu of property taxes (such additional payments being hereinafter collectively referred to as "Additional Payments") to the Receivers of Taxes 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 "Normal Tax") which would be payable to each Taxing Entity if such Additional Facilities were owned by the Company and not leased to the Agency as follows: (a) multiply the Additional Assessed Value (as hereinafter defined) of such Additional Facilities determined pursuant to subsection (E) 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 not leased to the Agency, 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 not leased to the Agency.

(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) if such Additional Facilities were owned by the Company and not leased to the Agency, the amount payable by the Company to the Receivers of Taxes 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 and the Company 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 shall control).

(E) Valuation of Additional Facilities.

(1) The value of Additional Facilities for purposes of determining payments in lieu of taxes due under Section 2.02(D) hereof shall be determined by the Assessors 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 Facility Premises, 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 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 is dissatisfied with the amount of the Additional Assessed Value of the Additional Facilities as initially established or as changed, and if the Company shall have given written notice of such dissatisfaction to the appropriate Assessor and the Agency within thirty (30) days of receipt by the Company of written notice of the initial establishment of such Additional Assessed Value, or of a change in such Additional Assessed Value, then the Company shall be entitled to protest before, and to be heard by, the appropriate Assessor and undertake any and all necessary or desired proceedings to complete a challenge of such Additional Assessed Value. Any payments in lieu of taxes due upon such Additional Facilities pursuant to Section 2.02(D) hereof may not be withheld by the Company pending determination of the Additional Assessed Value.

(F) Statements. Pursuant to Section 858(15) of the Act, the Agency agrees to give each Taxing Entity a copy of this Payment in Lieu of Tax Agreement within fifteen (15) days of the execution and delivery hereof, together with a request that a copy hereof be given to the appropriate officer or officers of the respective Taxing Entities responsible for preparing the tax rolls for said Tax Entities (each, a "Tax Billing Officer").

(G) Time of Payments. The Company agrees to pay the amounts due hereunder to the Agency on or before January 1 of each calendar year during the term of this Agreement, such payments to commence on the first January 1 immediately following the tax status date of the Taxing Entity occurring subsequent to the date upon which the Agency becomes the owner of record of such leasehold interest in the Project Facility and the Real Property Tax Exemption Form is filed. The Company shall be entitled to receive receipts for such payments.

(H) Method of Payment. All payments by the Company hereunder shall be paid to the Agency 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 in proportion to the amount of real property taxes which would have been received by each Taxing Entity had the Project Facility been owned by the Company and not leased to the Agency.

SECTION 2.03. CREDIT FOR TAXES PAID.

(A) Amount of Credit. The parties hereto acknowledge and agree that the obligation of the Company to make the payments provided in Section 2.02 of this Payment in Lieu of Tax Agreement shall be in addition to any and all other taxes and governmental charges of any kind whatsoever which the Company may be required to pay under the Lease Agreement. It is understood and agreed, however, that should the Company pay in any fiscal tax year to any Taxing Entity 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 Facility Premises or the interest therein of the Company or the occupancy thereof by the Company (but not including, by way of example, (1) sales and use taxes, and (2) special assessments, special ad valorem levies or governmental charges in the nature of utility charges, including but not limited to water, solid waste, sewage treatment or sewer or other rents, rates or charges), then the Company's obligation to make payments in lieu of property taxes attributed to such fiscal tax year to the Agency hereunder shall be reduced by the amounts which the Company shall have so paid to such Taxing Entity in such fiscal tax year, but there shall be no cumulative or retroactive credit as to any payment in lieu of property taxes due to any other Taxing Entity or as to any payment in lieu of property taxes due to the Agency in any other fiscal tax year.

(B) Method of Claiming Credits. If the Company desires to claim a credit against any particular payment in lieu of tax due hereunder, the Company 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 provision of this Section 2.03, said notice to be given by the Company 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 right to claim such credit, then said governing body, the Agency and the Company 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, determine whether the Company 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 is entitled. It is understood that the arbitrators are empowered to confirm the amount of the credit claimed by the Company or to determine a lower or higher credit. When the Company 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, 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 shall, to the extent withheld as aforesaid, be immediately due and payable and shall be paid by the Company within thirty (30) days of said decision.

SECTION 2.04. LATE PAYMENTS.

(A) First Month. Pursuant to Section 874(5) of the Act, if the Company shall fail to make any payment required by this Payment in Lieu of Tax Agreement when due, the Company shall pay the same, together with a late payment penalty equal to five percent (5%) of the amount due.

(B) Thereafter. If the Company shall fail to make any payment required by this Payment in Lieu of Tax Agreement 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 Agency until such payment in default shall have been made in full, and the Company shall pay the same to the Agency 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 greater of (a) one percent (1%) per month, or (b) the rate per annum which would be payable if such amount were delinquent taxes, until so paid in full.

ARTICLE III LIMITED OBLIGATION

SECTION 3.01. NO RECOURSE; LIMITED OBLIGATION OF THE AGENCY.

(A) No Recourse. All obligations, covenants, and agreements of the Agency contained in this Payment in Lieu of Tax Agreement shall be deemed to be the obligations, covenants and agreements of the Agency and not of any member, officer, agent, servant or employee of the Agency in his individual capacity, and no recourse under or upon any obligation, covenant or agreement contained in this Payment in Lieu of Tax Agreement, or otherwise based upon or in respect of this Payment in Lieu of Tax 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), servant or employee, as such, of the Agency or any successor public benefit corporation or political subdivision or any person executing this Payment in Lieu of Tax 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 Payment in Lieu of Tax Agreement, it being expressly understood that this Payment in Lieu of Tax 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), servant or employee of the Agency or of any successor public benefit corporation or political subdivision or any person so executing this Payment in Lieu of Tax Agreement under or by reason of the obligations, covenants or agreements contained in this Payment in Lieu of Tax 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), servant or employee under or by reason of the obligations, covenants or agreements contained in this Payment in Lieu of Tax 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 Payment in Lieu of Tax Agreement by the Agency.

(B) Limited Obligation. The obligations, covenants and agreements of the Agency contained herein shall not constitute or give rise to an obligation of the State of New York or Cortland County, New York, and neither the State of New York nor Cortland County, New York shall be liable thereon and, further, such obligations, covenants 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 Facility Premises (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 Payment in Lieu of Tax 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 (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 or other costs, the Agency shall have received from the Company security or indemnity and an agreement from the Company 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 Payment in Lieu of Tax Agreement, and the terms "Event of Default" or "default" shall mean, whenever they are used in this Payment in Lieu of Tax Agreement, any one or more of the following events:

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

(B) Failure of the Company 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 paragraph (A) above) 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; provided that if such default cannot reasonably be cured within such thirty (30) day period and if the Company 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, such thirty (30) day period shall be extended for so long as the Company shall require in the

exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of ninety (90) days in the aggregate from the date of default; or

(C) Any warranty, representation or other statement by or on behalf of the Company contained in this Payment in Lieu of Tax 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 Payment in Lieu of Tax Agreement and (1) shall be materially adverse to the Agency at the time when the notice referred to below shall have been given to the Company and (2) if curable, shall not have been cured within thirty (30) days after written notice of such incorrectness shall have been given to a responsible officer of the Company, provided that if such correctness cannot reasonably be cured within said thirty-day period and the Company shall have commenced action to cure the incorrectness within said thirty-day period and, thereafter, diligently and expeditiously proceeds to cure the same, such thirty-day period shall be extended for so long as the Company shall require, in the exercise of due diligence, to cure such default.

SECTION 4.02. REMEDIES ON DEFAULT.

(A) General. Whenever any Event of Default shall have occurred with respect to this Payment in Lieu of Tax 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 collect the amount then in default or to enforce the performance and observance of the obligations, agreements and covenants of the Company under this Payment in Lieu of Tax Agreement.

(B) Cross-Default. In addition, an Event of Default hereunder shall constitute an event of default under Article X of the Lease Agreement. Upon the occurrence of an Event of Default hereunder resulting from a failure of the Company to make any payment required hereunder, the Agency shall have, as a remedy therefor under the Lease Agreement, among other remedies, the right to terminate the Lease Agreement and convey the Project 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.

(C) Separate Suits. 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.

(D) Venue. The Company irrevocably agrees that any suit, action or other legal proceeding arising out of this Payment in Lieu of Tax Agreement may be brought in the courts of record of the State for the County of Cortland, consents to the jurisdiction of each such court in any such suit, action or proceeding, and waives any objection which it 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 ATTORNEYS' FEES AND EXPENSES. Pursuant to Section 874(6) of the Act, if the Company should default in performing any of its obligations, covenants or agreements under this Payment in Lieu of Tax 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, covenant or agreement on the part of the Company herein contained, the Company agrees that it will, on demand therefor, pay to the Agency or such Taxing Entity, as the case may be, not only the amounts adjudicated due hereunder, together with the late payment penalty and interest due thereon, but also the reasonable fees and disbursements of such attorneys and all other expenses, costs and disbursements so incurred, whether or not an action is commenced.

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 Payment in Lieu of Tax 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 Payment in Lieu of Tax Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in this Payment in Lieu of Tax Agreement.

(D) No Waiver. In the event any provision contained in this Payment in Lieu of Tax Agreement should be breached by any 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 Payment in Lieu of Tax Agreement shall be established by conduct, custom or course of dealing.

ARTICLE V MISCELLANEOUS

SECTION 5.01. TERM.

(A) General. This Payment in Lieu of Tax Agreement shall become effective and the obligations of the Company shall arise absolutely and unconditionally upon the approval of this Payment in Lieu of Tax Agreement by resolution of the Agency and the

execution and delivery of this Payment in Lieu of Tax Agreement by the Company and the Agency. Unless otherwise provided by amendment hereof, this Payment in Lieu of Tax Agreement shall continue to remain in effect until the earlier to occur of (1) January 31, 2021, or (2) the date on which the Facility Premises is reconveyed by the Agency to the Company pursuant to the Lease Agreement.

(B) Extended Term. In the event that (1) the Facility Premises shall be reconveyed to the Company, (2) on the date on which the Company obtains the Agency's interest in the Facility Premises, the Facility Premises shall be assessed as exempt upon the assessment roll of any one or more of the Taxing Entities, and (3) the fact of obtaining the Agency's interest in the Facility Premises shall not immediately obligate the Company to make pro-rata tax payments pursuant to legislation similar to Chapter 635 of the 1978 Laws of the State (codified as subsection 3 of Section 302 of the Real Property Tax Law and Section 520 of the Real Property Tax Law), this Payment in Lieu of Tax Agreement shall remain in full force and effect and the Company shall be obligated to make payments to the Receiver of Taxes in amounts equal to those amounts which would be due from the Company if the Facility Premises were owned by the Company and not the Agency until the first tax year in which the Company shall appear on the tax rolls of the various Taxing Entities having jurisdiction over the Facility Premises as the legal owner of record of the Project Facility.

SECTION 5.02. FORM OF PAYMENTS. The amounts payable under this Payment in Lieu of Tax Agreement shall be payable 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 ACTS. Where the Company is required to do or accomplish any act or thing hereunder, the Company may cause the same to be done or accomplished with the same force and effect as if done or accomplished by the Company.

SECTION 5.04. AMENDMENTS. This Payment in Lieu of Tax Agreement may not be effectively amended, changed, modified, altered or terminated except by an instrument in writing executed by the parties hereto.

SECTION 5.05. NOTICES. (A) General. All notices, certificates or other communications hereunder shall be in writing and may be personally served, telecopied or sent by courier service or United States mail and shall be sufficiently given and shall be deemed given when (1) sent to the applicable address stated below by United States 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.

(B) Notices Given by Taxing Entities. Notwithstanding the foregoing, notices of assessment or reassessment of the Project Facility and other notices given by a

Taxing Entity under Article II hereof shall be sufficiently given and shall be deemed given when given by the Taxing Entity in the same manner in which similar notices are given to owners of taxable properties by such Taxing Entity.

(C) Addresses. The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

Cortland Commerce Center, LLC
1 N. Main Street
Cortland, New York 13045
Attention: David J. Yaman, Member

WITH A COPY TO:

James J. Baranello, Esq.
39 Church Street
Cortland, New York 13045

IF TO THE AGENCY:

Cortland County Industrial Development Agency
37 Church Street
Cortland, New York 13045
Attention: Executive Director

WITH A COPY TO:

John P. Sidd, Esq.
Menter, Rudin & Trivelpiece, P.C.
308 Maltbie Street, Suite 200
Syracuse, New York 13204-1498

(D) Copies. A copy of any notice given hereunder by the Company which affects in any way a Taxing Entity shall also be given to the chief executive officer of such Taxing Entity.

(E) Change of Address. The Agency, the Company or any Taxing Entity may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent.

SECTION 5.06. BINDING EFFECT. This Payment in Lieu of Tax 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 Payment in Lieu of Tax Agreement are intended to be for the benefit of the Agency and the respective Taxing Entities.

SECTION 5.07. SEVERABILITY. If any article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion of this Payment in Lieu of Tax 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, 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 Payment in Lieu of Tax 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 Payment in Lieu of Tax 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 Payment in Lieu of Tax Agreement shall be governed by and construed in accordance with the laws of the State of New York.

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

CORTLAND COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: 
Garry VanGorder, Executive Director

CORTLAND COMMERCE CENTER, LLC

By: 
David J. Yaman, Member

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

On the 27th day of May, 2010 before me, the undersigned, a notary public in and for said State, personally appeared **Garry VanGorder**, 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 as **Executive Director of Cortland County Industrial Development Agency**, and that by his signature on the instrument, the individual, or the person or entity upon behalf of which the individual acted, executed the instrument.

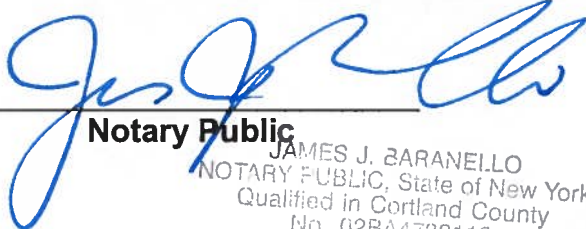


Notary Public

JOHN P. SIDD
Notary Public, State of New York
Qualified in Onondaga Co. No. 4993688
Commission Expires March 23, 20 11

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

On the 28th day of May, 2010 before me, the undersigned, a notary public in and for said State, personally appeared **David J. Yaman**, 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 as **Member of Cortland Commerce Center, LLC**, and that by his signature on the instrument, the individual, or the person or entity upon behalf of which the individual acted, executed the instrument.



Notary Public

JAMES J. BARANEILLO
NOTARY PUBLIC, State of New York
Qualified in Cortland County
No. 02BA4733119
Commission Expires Sept. 30, 20 10

EXHIBIT "A"
DESCRIPTION OF FACILITY PARCEL

ALL THAT TRACT OR PARCEL OF LAND, situate in the Town of Cortlandville, County of Cortland and State of New York, bounded and described as follows:

COMMENCING at a point on the centerline of Lime Hollow Road, said point being located N 81° 00' 00" W as measured along said centerline of Lime Hollow Road a distance of 675.04 feet from the intersection of the centerline of said Lime Hollow Road with the centerline of New York State Route 13; thence running the following courses and distances along said centerline of Lime Hollow Road: (a) N 81° 00' 00" W a distance of 24.46 feet; (b) N 81° 29' 00" W a distance of 282.70 feet; (c) N 82° 34' 30" W a distance of 474.00 feet; (d) N 85° 59' 40" W a distance of 272 feet; and (e) N 87° 01' 30" W a distance of 390.27 feet to a point; thence running S 07° 55' 49" W a distance of 1,762.37 feet to a point marked by a rod with cap; thence running S 57° 55' 53" E a distance of 164.37 feet to a point marked by a rod with cap; thence running N 07° 55' 49" E a distance of 823.98 feet to a point marked by a rod with cap; thence running S 57° 14' 40" E a distance of 1,182.16 feet to a point marked by a set rod with cap; thence running N 29° 34' 10" E a distance of 56.15 feet to a point marked by a rod with cap; thence running S 84° 17' 50" E a distance of 173.31 feet to a point located in the westerly highway boundary line of New York State Route 13; thence running N 31° 28' 59" E along said westerly highway boundary line of New York State Route 13, a distance of 785.92 feet to a point; thence running N 58° 56' 09" W a distance of 234.40 feet to a point; thence running N 17° 12' 31" W a distance of 179.53 feet to a point marked by a found nail; thence running N 31° 03' 51" E a distance of 187.99 feet to a point marked by a set nail; thence running N 58° 56' 09" W a distance of 202.65 feet to a point marked by a set nail; thence running N 31° 03' 51" E a distance of 292.11 feet to a point located on the center line of Lime Hollow Road, being the point and place of beginning and containing 48.181 acres of land.

TOGETHER with and SUBJECT to the following:

1. Easement between Smith Corona Corporation and S.C.W.P., LLC, dated April 1, 1999 and recorded April 2, 1999 in the Cortland County Clerk's Office as Instrument No. 1999-1676.
2. Agreement between S.C.W.P., LLC and First National Bank of Dryden, dated October 23, 2003 and recorded November 17, 2003 in the Cortland County Clerk's Office as Instrument No. 1018155-009.
3. Easement from S.C.W.P., LLC to First National Bank of Dryden, dated October 18, 2005 and recorded November 3, 2005 in the Cortland County Clerk's Office as Instrument No. 1042394-001.

ALSO, SUBJECT to all other easements, restrictions and rights of way of record.

Being a portion of the premises conveyed by Smith Corona Corporation to S.C.W.P., LLC by Warranty Deed dated April 1, 1999 and recorded April 2, 1999 in the Cortland County Clerk's Office as Instrument No. 1999-1673.

**FIRST AMENDMENT TO
PAYMENT IN LIEU OF TAX AGREEMENT**

This First Amendment to Payment in Lieu of Tax Agreement is made as of December 23, 2011 by and between **CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation organized and existing under the laws of the State of New York having an office for the transaction of business located at 37 Church Street, Cortland, New York (the "Agency") and **CORTLAND COMMERCE CENTER, LLC**, a limited liability company organized and existing under the laws of the State of New York having an office for the transaction of business located at 1 N. Main Street, Cortland, New York 13045 (the "Company").

WHEREAS, the Agency and the Company entered into a certain Payment in Lieu of Tax Agreement dated as of May 28, 2010 (the "PILOT Agreement"); and

WHEREAS, the Agency and the Company desire to amend certain terms and conditions of the PILOT Agreement;

NOW, THEREFORE, for and in consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Agency and the Company hereby agree as follows:

1. Amendment of PILOT Agreement.

- a) The first sentence of Section 2.02(A) is hereby deleted and replaced with the following:

The Company agrees that it shall make an annual payment in lieu of property taxes, in the amounts hereinafter provided, to the Agency (the "Annual Payment").

- b) The last sentence of Section 2.02(C)(2) is hereby deleted and replaced with the following:

If in any year during the term of this Agreement the Company fails to maintain at least 152 FTEs, the Annual Payment required to be made by the Company shall be, to the extent permitted by law, the lesser of (1) \$93,000.00 divided by a fraction the numerator of which is the average number of full time equivalent employees at the Project Facility for such prior year and the denominator of which is the minimum FTE requirement of 152 or (2) the amount that would be payable if the Project Facility were owned by the Company and not leased to the Agency.

c) Section 2.02(G) is hereby deleted and replaced with the following:

(G) Time of Payments. The Company agrees to make the Annual Payment due hereunder to the Agency in two equal installments, the first installment to be paid on or before January 1 and the second installment to be paid on or before June 1 of each calendar year during the term of this Agreement, such payments to commence on the first January 1 immediately following the tax status date of the Taxing Entity occurring subsequent to the date upon which the Agency becomes the owner of record of such leasehold interest in the Project Facility and the Real Property Tax Exemption Form is filed. The Company shall be entitled to receive receipts for such payments.

2. Full Force and Effect. Each and every other term and condition of the PILOT Agreement not amended herein is and shall remain in full force and effect, is a valid and binding obligation of the Agency and the Company, is enforceable in accordance with its terms and conditions, and is not subject to any claim, defense or offset of any kind. In the event there should be any conflict between the terms and conditions of the PILOT Agreement as modified by this Amendment, the PILOT Agreement shall be read and interpreted to give full effect to the terms and conditions of this Amendment.

IN WITNESS WHEREOF, this Amendment has been duly executed by the parties hereto as of the date set forth above.

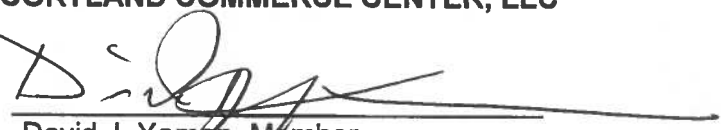
**CORTLAND COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By:


Garry VanGorder, Executive Director

CORTLAND COMMERCE CENTER, LLC

By:


David J. Yaman, Member