

**AGREEMENT FOR
PAYMENT IN LIEU OF TAXES**

THIS AGREEMENT effective March 1st, 2011 entered into by and between the **COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY**, hereinafter referred to as the "Agency", having a place of business located at The Eaton Center, 19 Eaton Avenue, Norwich, New York, 13815, being a public benefit corporation created under the provisions of Article 18-A of the General Municipal Law of the State of New York; **AGRO-FARMA, INC.**, hereinafter referred to as the "Company", with offices at 147 State Highway 320, Norwich, New York, 13815; the **COUNTY OF CHENANGO**, hereinafter referred to as the "County", having offices located at 5 Court Street, Norwich, New York, 13815, being a municipal corporation of the State of New York; the **TOWN OF COLUMBUS**, hereinafter referred to as the "Town" having offices located at Attn: Clerk, 4340 State Highway 80, Sherburne, New York, 13460, a municipal corporation of the State of New York; and the **UNADILLA VALLEY CENTRAL SCHOOL DISTRICT**, hereinafter referred to as the "School District", having offices located at 4238 State Highway 8, New Berlin, New York, 13411, a school district of the State of New York.

RECITALS

WHEREAS, the Agency has accepted, or shall accept, prior to March 1, 2011, title to the following described property located in the Town of Columbus, County of Chenango and State of New York (the "Premises"), to wit:

a 150,000 square foot +/- partially refrigerated warehouse building, together with the equipment, apparatus, fixtures and furnishings located thereon, situate upon 20 +/- acres of land, together with all other improvements situate thereon, located at 670 County Highway 25, Town of Columbus, Chenango County, New York, all as more particularly described in Schedule "A" attached hereto and incorporated hereon by reference as if fully set forth therein.

Said premises shall be utilized by the Company in connection with the manufacturing and production of dairy products for wholesale and retail sale throughout its marketing territory.

WHEREAS, the Agency, as owner of the Premises, has leased or shall lease on or about March 1, 2011, the Premises to the Company for the purpose of utilizing the Premises as aforesaid; and

WHEREAS, the Agency, as an agency, instrumentally and public benefit corporation of the State of New York, is exempt from taxation including taxes levied on real property to which it holds title in accordance with the provisions of §412-a of the Real Property Tax Law and §874 of the General Municipal Law; and

WHEREAS, the Agency, in consideration of agreeing to hold fee title in and to the Premises, has required the Company to enter into a payment in lieu of tax agreement with all affected taxing jurisdictions, to wit: the County of Chenango, the Town of Columbus, and the Unadilla Valley Central School District.

WITNESSETH:

NOW, THEREFORE, in consideration of the promises and the mutual covenants and undertakings herein expressed, the parties covenant and agree as follows:

ARTICLE ONE
DEFINITIONS

As used herein, the following words and phrases shall have the following definitions:

- (i) "Agency" - The County of Chenango Industrial Development Agency;
- (ii) "Company" - Agro-Farma, Inc.;
- (iii) "Town" - The Town of Columbus located in Chenango County, New York;
- (iv) "County" - The County of Chenango, New York;
- (v) "School District" - The Unadilla Valley Central School District;
- (vi) "Fire District" or "Fire Protection District" - Any fire district or fire protection district whose boundaries encompass the premises;
- (vii) "Refuse District" - Any refuse district or districts whose boundaries encompass the "Premises";
- (viii) "Department" - The Chenango County Real Property Tax Department.;
- (ix) "Taxes" - General real property taxes levied by the Town, County and School District. "Taxes" shall not include special assessments and ad valorem levies, such as those for a Fire District, Fire Protection District and Refuse District.
- (x) "Premises" - The lands owned by the Agency and leased to the Company, more particularly described in Schedule "A" attached hereto, together with all buildings, equipment and improvements situate thereon, and all buildings, equipment and improvements hereafter added to the Premises.

ARTICLE TWO
EXEMPTION TERM

The Premises shall be partially exempt as hereinafter provided from the payment of taxes for a ten (10) year period commencing March 1, 2011 (the first taxable status date following the date of the Agency's acquisition of title to the premises) and terminating March 1, 2021, unless during said ten year term the Agency shall convey, or transfer all or a portion of its ownership interest in and to the Premises to a taxable grantee, in which event that portion of the Premises so conveyed or transferred shall be fully taxable effective the next following taxable status date.

ARTICLE THREE
AMOUNT OF EXEMPTION

A. In each of the years during the exemption term as aforesaid, The Company shall make a payment in lieu of taxes in an amount calculated as follows:

<u>Year</u>	<u>Amount of Payment to County, Town, Fire and Refuse Districts</u>	<u>School Tax Year</u>	<u>Amount of Payment to School District</u>
		2010/2011	100% of all taxes due and owing on the Premises, i.e. no exemption
2011	100% of all taxes due and owing on the Premises, i.e. no exemption.	2011/2012	5% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2012	5% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	2012/2013	15% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2013	15% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	2013/2014	25% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2014	25% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	2014/2015	35% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.

2015	35% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	2015/2016	45% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2016	45% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	2016/2017	55% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2017	55% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	2017/2018	65% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2018	65% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	2018/2019	75% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2019	75% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	2019/2020	85% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2020	85% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	2020/2021	95% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2021	95% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	2021/2022	100% of all taxes due and owing on the Premises, i.e. wholly taxable.
2022	100% of all taxes due and owing on the Premises, i.e. wholly taxable.	2022/2023	100% of all taxes due and owing on the Premises, i.e. wholly taxable.

B. In each of the aforesaid years, the Company shall pay all special assessments and special ad valorem levies made upon the Premises.

ARTICLE FOUR
ADMINISTRATION

The Chenango County Real Property Tax Department, hereinafter referred to as "Department", shall administer this Agreement on behalf of all the parties hereto. Such administration shall consist of the following:

A. In each of the exemption years the Department shall calculate the amount of payment in lieu of taxes that the Company is obligated to make to the Town, County and School District. The calculation shall include the percentage of general taxes owed plus special assessments, if any, and special ad valorem levies, if any. Such calculation shall include any taxes levied on behalf of a fire district, fire protection district, refuse district.

B. The Department shall forward a statement of the amount due to the Company at Agro Farma, Inc., 147 State Highway 320, Norwich, New York, 13815, or such other address as the Company may designate in writing. The statement of the amount due, payable to "Chenango County Treasurer", shall be mailed by the Department to the Company at the same time tax bills are mailed to all taxable property owners. The statement shall include a due date after which payment shall be delinquent and subject to interest and penalty charges. The amount of interest and penalty shall be stated and shall be at the same rate as imposed upon all past due tax payments.

C. The Department, working in coordination with the Chenango County Treasurer, shall collect from the Company, the amount due and shall remit same as follows: the Department and Treasurer shall allocate all payments received among the Town, County, School District, fire district (or fire protection district) and refuse district, and shall cause each of the aforesaid's proportionate share to be paid to each within 30 days after receipt by the Chenango County Treasurer. The payments in lieu of taxes shall be allocated among the Town, County, School District, fire district (or fire protection district) and refuse district in proportion to the amount of real property tax, special assessment and ad valorem levies which would have been received by the Town, County, School District, fire district (or fire protection district) and refuse district, had the Premises not been tax exempt due to Agency's ownership interest.

ARTICLE FIVE
INTEREST AND PENALTIES

Payments due hereunder shall be due and payable within the same time limits as are permitted to owners of taxable property. Payments hereunder which are delinquent or not made because of the Company's failure to timely make the required payments to the Department on or before the due date shall be subject to a late payment penalty and interest which said penalty and interest shall be at the same rate as imposed on taxable property owners.

ARTICLE SIX
REMEDY UPON DEFAULT

An affected tax jurisdiction, i.e., the Town, County, School District, fire district (or fire protection district) and refuse district, which has not received the payment in lieu of taxes to which it is entitled to hereunder because of the Company's failure to pay same to the Department, may commence legal action in accordance with §874(6) of the General Municipal Law against the Company in any Court of competent jurisdiction and shall be entitled to recover the amount due, the late payment penalty, interest, expenses, costs and disbursements together with reasonable attorneys' fees necessary to prosecute such action. However, nothing shall be construed as providing an affected tax jurisdiction with the right to sue and recover from the Agency if the Agency has not received the payment or payments in lieu of taxes from the Company for which recovery is sought by the affected tax jurisdiction.

In addition to the rights and remedies of the affected tax jurisdictions as herein above set forth, in the event any payment due hereunder shall not be made for more than six (6) months after the due date, the Agency may, at its sole discretion, elect to terminate this agreement, in which event the Premises shall be fully taxable the next following taxable status date. At least 30 days prior written notice of such termination shall be given to the Company, the Department, the County, the Town and the School District, and to those parties holding a mortgage lien against the premises. In the event such past due amounts are paid within that 30 day period, the Agency shall have no right to terminate this agreement except as may be otherwise set forth herein.

Upon termination of this agreement by the Agency as aforesaid, delinquent payments hereunder, together with penalty and interest thereon, shall in all respects be deemed to be and to constitute unpaid real estate taxes for purposes of tax sale and tax foreclosure proceedings pursuant to the laws, rules and regulations of the County of Chenango and other applicable law, and nothing contained herein is intended to be, nor shall be interpreted to be a waiver of nor a prohibition of any of the county's rights and privileges pursuant to its laws, rules and regulations or other applicable law, for the enforcement of and the collection of unpaid payments due hereunder by the tax sale of the premises described in Schedule "A" attached hereto, together with all improvements situate hereon.

ARTICLE SEVEN
RETENTION OF RIGHTS

The affected tax jurisdictions hereby agree that this Agreement in no way waives any right of the Company or the Agency at any time during the ten year term hereof to initiate a grievance proceeding or to otherwise challenge, by Article 7 Real Property Tax Proceeding, the assessed valuation of the Premises as determined by the assessor. The Company and/or the Agency shall have the rights and remedies accorded to owners or lessees of taxable property with respect to any assessment, tax, ad valorem levy or special assessment levy upon the Company, the Agency or the Premises, pursuant to this Agreement or otherwise.

**ARTICLE EIGHT
LIKE TREATMENT**

The affected tax jurisdictions hereby agree that all services normally provided by each, to and for a taxpayer, will be provided to and for the Company and the Agency in the same manner and in all respects as though this Agreement did not exist. It is further agreed that the assessment of the Premises, including all assessable and taxable improvements located thereon and the tax rate applied to such assessments shall be determined, fixed and calculated on the same basis used in determining the assessment and tax rate of similar or comparable properties located within the Town, School District and County.

**ARTICLE NINE
WAIVER OF ANY OTHER EXEMPTION**

The Company and the Agency hereby agree that the partial tax exemption provided for herein, pursuant to Section 412-a of the Real Property Tax Law and Section 874 of the General Municipal Law, shall be the sole and exclusive real property tax exemption to which the Premises are entitled and further that neither the Company nor the Agency shall make application or claim for any other exemption from real property taxes for the Premises to which either the Company or the Agency may be eligible for or entitled to, for and during the ten year term hereof by virtue of any other statute, law, rule, regulation or designation, including an Economic Development Zone (EDZ) designation, except as such may now exist, in which case, the Company may avail itself of any benefits authorized pursuant to any such program, provided no such program shall result in a further real property tax exemption on the premises.

**ARTICLE TEN
AMENDMENTS**

This Agreement shall not be amended, modified or altered unless in writing signed by all parties hereto.

**ARTICLE ELEVEN
BINDING EFFECT**

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

**ARTICLE TWELVE
EXECUTION OF COUNTERPARTS**

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

ARTICLE THIRTEEN
FURNISHING COPIES


(a) On or before March 1st, 2011 the Agency shall mail to the assessor for the Town of Columbus and the chief executive officer of each affected taxing jurisdiction a copy of a form EA-412-a.

(b) Not later than 15 days following receipt by the Agency of a copy of this agreement signed by all the parties hereto, or signed counterparts by the parties hereto, the Agency shall mail to the assessor for the Town of Columbus, the Department, the Town, County, School District and the Company a signed duplicate original of this agreement for each's files and record keeping.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to set their hand the date below written opposite their respective signatures.

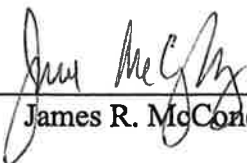
COUNTY OF CHENANGO
INDUSTRIAL DEVELOPMENT AGENCY

Dated: Nov 02, 2011

By: 
Thomas W. Knapp, Chairperson

Dated: 1/8/12, 2011

AGRO-FARMA, INC.

By: 
James R. McConeghy, Interim CFO

Dated: 10/19, 2011

TOWN OF COLUMBUS

By: 
Pamela Weidman, Supervisor

SCHEDULE A
Legal Description

ALL THAT TRACT OR PARCEL OF LAND situate in the Town of Columbus, Chenango County, New York State and is shown on a "Boundary and Topographic Survey of part of the lands of Alan D. and Dawn F. Smith", prepared by Rhinevault Surveyors, PC and dated April 22, 2010 and being more particularly described as follows:

Beginning at a point on the south line of County Route 25 at the northeast corner of lands of Leslie and Marie Tuttle, Instrument #2004-768 and at the northwest corner of the lands of Agro-Farma, Inc.

Thence along the south line of County Route 25, S 75° 57' 53" E, 225.70 feet to a point marked by a steel rod at the northwest corner of lands formerly of Christopher Roche, Liber 814 of Deeds, Page 825.

Thence continuing along the aforementioned south line of County Route 25, 235.00 feet to a point marked by a steel rod at the northeast corner of lands formerly of the aforesaid Christopher Roche.

Thence continuing along County Route 25, S 75° 57' 53" E, 422.58 feet to a point at the northeast corner of the lands of Agro-Farma, Inc. and the northwest corner of lands of Postma Brothers Realty Co. LLC, Instrument #2004-1327.

Thence along the east line of the lands of Agro-Farma, Inc. and the west line of Postma, the following three (3) courses:

S 38° 41' 08" W, 221.94 feet to a point,
S 46° 25' 28" W, 514.43 feet to a point,
S 51° 28' 55" W, 720.87 feet to a point in the centerline of the Unadilla River.

Thence along said centerline, N 81° 45' 41" W, 208.43 feet to a point and S 77° 46' 49" W, 199.85 feet to a point at the intersection of the centerline of the Unadilla River with the centerline of a creek flowing into said river from the north.

Thence along the centerline of said creek the following six (6) courses:

N 02° 06' 40" E, 93.33 feet to a point,
N 32° 04' 16" W, 32.80 feet to a point,
N 46° 34' 44" E, 21.16 feet to a point,
N 32° 15' 02" E, 53.72 feet to a point,
N 30° 38' 07" W, 32.13 feet to a point,
N 44° 55' 22" W, 74.92 feet to a point on the west line of the former right of way of the Unadilla Valley Railroad.

Thence along said former railroad right of way N 45° 15' 13" E, 61.95 feet to a point at the beginning of a curve and thence along said curve to the left in a northerly direction, having a radius of 1404.92 feet, an arc distance of 310.59 feet to a point at or near the southeast corner of lands of Josephine and Lauri Hotaling, Instrument #2006-2463.

Thence continuing along the west line of the former railroad right of way and along said lands of Hotaling and along the aforementioned lands of Leslie and Marie Tuttle, N 32° 35' 13" E, 789.56 feet to the Point of Beginning.

Containing 20.477 acres of land.