

SIMAAR USA CORP.

and

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Chenango County Industrial Development Agency
2016 Real Estate Lease
(Simaar USA Corp.)

Chenango County, Town of Greene, Village of Greene, Greene Central School District

Tax Account No.: 236.2-1-24.2

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT, dated as of April 1, 2016, is by and between **SIMAAR USA CORP.**, a New York corporation having an address of 17 Willard Street, P.O. Box 614, Greene, New York 13778 (the "Company") and **CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, an industrial development agency and a public benefit corporation of the State of New York having its principal office at 15 South Broad Street, Norwich, New York 13815 (the "Agency").

W I T N E S S E T H:

WHEREAS, the Agency is authorized and empowered by the provisions of Title 1 of Article 18-A of the General Municipal Law, Chapter 99 of the Consolidated Laws of New York, as amended, (the "Enabling Act"), and Chapter 580 of the Laws of 1973 of the State of New York, as amended, constituting Section 914-a of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of, among others, industrial facilities for the purpose of promoting, attracting and developing economically sound commerce and industry in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, the Company desires to (i) acquire an existing 10,000± square foot manufacturing facility (the "Existing Facility") situated on a .68± acre parcel of land located at 17 Willard Street, Town of Greene, Chenango County, New York (the "Land") and (ii) acquire and install equipment in the Existing Facility (the "Equipment"), all to be used for the purpose of manufacturing narrow fabrics and specialty ribbons (the Land, the Existing Facility and the Equipment is referred to collectively as the "Facility" and the acquisition and equipping of the Facility is referred to collectively as the "Project"); and

WHEREAS, in order to induce the Company to develop the Facility, the Agency is willing to accept a leasehold interest in the Facility pursuant to a Lease Agreement dated of even date herewith and lease the Facility back to the Company pursuant to the terms and conditions contained in a Leaseback Agreement dated of even date herewith; and

WHEREAS, the Agency has agreed to accept a leasehold interest in the Facility in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, the Facility will be exempt from real property taxes, general property taxes, general school district taxes, general assessments, service charges or other governmental charges of a similar nature levied (the "Exempt Taxes") and/or assessed upon the Facility or the interest therein of the Company or the occupancy thereof by the Company commencing March 1, 2017, the taxable status date, because the Agency has a leasehold interest in the Facility and the Facility is used for a purpose within the meaning of the applicable Constitutional and statutory provisions, including the Enabling Act, provided, however, such exemption does not extend to special assessments or ad valorem levies; and

WHEREAS, the Company understands that it, as lessee of the Facility leased by the Agency, will, in fact, have Exempt Taxes to pay under the provisions of the Leaseback Agreement from the first date of the Exemption Term (as that date is determined by the parties and described herein) through the term of the Leaseback Agreement (the "Exemption Term"); and

WHEREAS, each year of the Exemption Term is more particularly set forth on Schedule B attached hereto (each year being referred to as an "Exemption Year"); and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provision for payments-in-lieu-of-taxes and such assessments by the Company to the Town and Village of Greene, or any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be, wholly or partially located, Chenango County, the Greene Central School District and appropriate special districts (hereinafter each a "Taxing Authority" and collectively the "Taxing Authorities") in which any part of the Facility is or is to be located; and

WHEREAS, all defined terms herein as indicated by the capitalization of the first letter thereof and not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Leaseback Agreement.

NOW, THEREFORE, to provide for certain payments to the Taxing Authorities, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The Company shall pay to each Taxing Authority:

(a) all taxes that are due with respect to the Facility prior to the Exemption Term, no later than the last day during which such payments may be made without penalty; and

(b) all special assessments and ad valorem taxes coming due and payable during the term of the Lease Agreement and the Leaseback Agreement for which the Facility is not exempt, no later than the last day during which such payments may be made without penalty.

2. (a) The Company shall pay to each Taxing Authority as set forth on Schedule A attached hereto and made a part hereof an amount in lieu of the Exempt Taxes (the "PILOT Payments") during each Exemption Year as follows:

- (a) ten percent (10%) of such taxes during the First Exemption Year;
- (b) twenty percent (20%) of such taxes during the Second Exemption Year;
- (c) thirty percent (30%) of such taxes during the Third Exemption Year;
- (d) forty percent (40%) of such taxes during the Fourth Exemption Year;
- (e) fifty percent (50%) of such taxes during the Fifth Exemption Year;
- (f) sixty-three percent (60%) of such taxes during the Sixth Exemption Year;
- (g) seventy percent (70%) of such taxes during the Seventh Exemption Year;
- (h) eighty percent (80%) of such taxes during the Eighth Exemption Year;
- (i) ninety percent (90%) of such taxes during the Ninth Exemption Year; and
- (j) one hundred percent (100%) of such taxes after the Tenth Exemption Year.

Such PILOT Payments shall be allocated among the Taxing Authorities in the same proportion as taxes would have been allocated but for the Agency's involvement, unless the Taxing Authorities have consented in writing to a specific allocation (For the purposes of preparing a PILOT bill, each Taxing Authority shall use the tax rate for the prior Exemption Year).

Anything herein to the contrary, notwithstanding, this Agreement shall terminate on the date on which the Leaseback Agreement shall terminate and the Agency shall

terminate its leasehold interest in the Facility pursuant to the Lease Agreement. The benefits under this Agreement are subject to the terms and conditions of a certain Job Creation and Recapture Agreement dated as of April 1, 2016.

(b) Anything herein to the contrary, notwithstanding, upon the failure of the Company in making any payment when due hereunder and upon failure to cure such default within thirty (30) days of receipt of notice as herein provided, shall constitute an Event of Default under Section 7.1(a)(vi) of the Leaseback Agreement, and the Agency may take any one or all remedial steps afforded it in Section 7.2 of the Leaseback Agreement; provided, however, nothing herein contained shall be deemed to limit any other rights and remedies the Agency may have hereunder or under any other Transaction Document.

3. The Company will make PILOT Payments to each Taxing Authority hereunder for each Exemption Year by making the required payment to such Taxing Authority no later than the last day during which such Exempt Taxes could otherwise be made without penalty as if the Agency did not have a leasehold or other interest in the Facility.

4. The PILOT Payments to be made by the Company pursuant to this Agreement are intended to be in lieu of all Exempt Taxes that would have to be paid on the Facility leased to the Company by the Leaseback Agreement if the Agency did not have a leasehold or other interest in the Facility.

5. If by reason of a change in the Constitution or laws of the State of New York, or an interpretation of the Constitution or the laws of the State of New York by the Court of Appeals (or such lower court from which the time to appeal has expired) of the State of New York, or for any other reason, the Company is required to pay any tax which the payments specified herein are intended to be in lieu of, the Company may deduct the aggregate of any such payments made by it from the amount herein agreed to be paid in lieu of such taxes and need only pay the difference. Furthermore, inasmuch as the PILOT Payments herein agreed to be made by the Company are intended to be in lieu of all Exempt Taxes, it is agreed that said payments shall not, as to any Exemption Year, be in an amount greater than would be payable for such year for such Exempt Taxes, in the aggregate, by a private corporation on account of its ownership of the Facility.

6. This Agreement shall be binding upon the successors and assigns of the parties.

7. It is the intent of the parties that the Company will have all the rights and remedies of a taxpayer with respect to any real property or other tax, service charge,

special benefit, ad valorem levy, assessment or special assessment or service charge because of which, or in lieu of which, the Company is obligated to make a payment hereunder, as if and to the same extent as if the Agency did not have a leasehold or other interest in the Facility. It is the further intent of the parties that the Company will have all of the rights and remedies of a taxpayer as if and to the same extent as if the Agency did not have a leasehold or other interest in the Facility with respect to any proposed assessment or change in assessment concerning the property, or any portion thereof, whether through an assessor, board of assessment review, court of law, or otherwise and likewise will be entitled to protest before and be heard by such assessor, board of assessment review, court of law or otherwise and will 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 taxes that would have been payable but for the provisions hereof. In the event, however, that a court of competent jurisdiction shall enter an order or judgment determining or declaring that, by reason of the Agency's interest in the Facility, the Company does not have the right to bring a proceeding to review such assessment under the Real Property Tax Law or any other law, then the Company shall have the right to contest such assessment in the name and as the agent of the Agency, and the Agency agrees to cooperate with the Company in all respects in any such proceeding at the sole cost and expense of the Company. Notwithstanding anything herein to the contrary, for so long as this Agreement is in effect, the Company hereby unconditionally and irrevocably waives its right, if any, to apply for and/or receive the benefit of any other real property tax exemption with respect to the Facility, including, without limitation, any real property tax exemption that may be available under Section 485-b and Section 485-e of the Real Property Tax Law.

8. All amounts payable by the Company hereunder will be paid to the respective Taxing Authority and will be payable in such lawful money of the United States of America as at the time of payment is legal tender for the payment of public and private debts, including a check payable in such money.

9. (a) If any term or provision hereof should be for any reason held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such term or provision will be deemed separate and independent and the remainder hereof will remain in full force and effect and will not be invalidated, impaired or otherwise affected by such holding or adjudication.

(b) This Agreement may not be effectively amended, changed, modified, altered or terminated except by an instrument in writing executed by the parties hereto.

(c) All notices, certificates or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when mailed by

United States registered or certified mail, postage prepaid, return receipt requested, to the Agency or the Company, as the case may be, addressed as follows:

To the Agency: Chenango County Industrial Development Agency
 15 South Broad Street
 Norwich, New York 13815
 Attn.: Chairman

With a Copy To: Bond, Schoeneck & King, PLLC
 One Lincoln Center
 Syracuse, New York 13202
 Attn.: Kevin M. Pole, Esq.

To the Company: Simaar USA, Corp.
 17 Willard Street
 P.O. Box 614
 Greene, New York 13778
 Attn: Allan Rais, President

With a Copy To: Hinman Straub P.C.
 121 State Street
 Albany, New York 12207
 Attn: Philip J. Murphy, Esq.


provided, that the Agency or the Company may, by notice given hereunder to the other, designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent.

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


[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this **PILOT Agreement** as of the date first above written.

SIMAAR USA CORP.

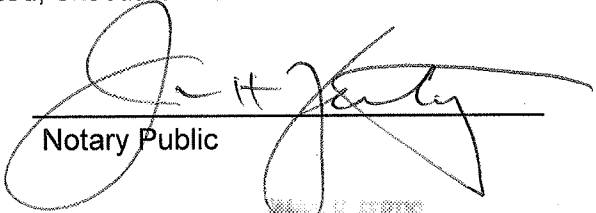
By: 
Name: Allan Rals
Title: President

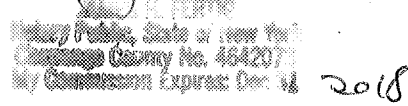
CHENANGO COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: 
Name: Eric Larsen
Title: Chairman

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


On the 13th day of April, 2016 before me, the undersigned a notary public in and for said state, personally appeared ALLAN RAIS, personally known to me or proved to me on the basis of satisfactory evidence to be the President of **SIMAAR USA CORP.**, and the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.



Notary Public


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

On the 13th day of April, 2016 before me, the undersigned a notary public in and for said state, personally appeared ERIC LARSEN, personally known to me or proved to me on the basis of satisfactory evidence to be the Chairman of the **CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, and the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.



Notary Public
BROOKE ANDERSON
Notary Public - State of New York
No. 01AN6277409
Qualified in Otsego County
My Commission Expires March 4, 2017

SCHEDULE A

COUNTY OF CHENANGO

Attn: Receiver of Taxes

TOWN OF GREENE

Attn: Receiver of Taxes

VILLAGE OF GREENE

Attn: Receiver of Taxes

GREENE CENTRAL SCHOOL DISTRICT

Attn.: Receiver of Taxes

SCHEDULE B

EXEMPTION YEARS

Exemption Year (Assessment Roll Year)	County/Town Taxes	School Taxes
Year One (03/01/2017)	01/01/2018 – 12/31/2018	07/01/2017 – 06/30/2018
Year Two (03/01/2018)	01/01/2019 – 12/31/2019	07/01/2018 – 06/30/2019
Year Three (03/01/2019)	01/01/2020 – 12/31/2020	07/01/2019 – 06/30/2020
Year Four (03/01/2020)	01/01/2021 – 12/31/2021	07/01/2020 – 06/30/2021
Year Five (03/01/2021)	01/01/2022 – 12/31/2022	07/01/2021 – 06/30/2022
Year Six (03/01/2022)	01/01/2023 – 12/31/2023	07/01/2022 – 06/30/2023
Year Seven (03/01/2023)	01/01/2024 – 12/31/2024	07/01/2023 – 06/30/2024
Year Eight (03/01/2024)	01/01/2025 – 12/31/2025	07/01/2024 – 06/30/2025
Year Nine (03/01/2025)	01/01/2026 – 12/31/2026	07/01/2025 – 06/30/2026
Year Ten (03/01/2026)	01/01/2027 – 12/31/2027	07/01/2026 – 06/30/2027

Village Taxes

06/01/2017 – 05/31/2018
06/01/2018 – 05/31/2019
06/01/2019 – 05/31/2020
06/01/2020 – 05/31/2021
06/01/2021 – 05/31/2022
06/01/2022 – 05/31/2023
06/01/2023 – 05/31/2024
06/01/2024 – 05/31/2025
06/01/2025 – 05/31/2026
06/01/2026 – 05/31/2027



**NYS DEPARTMENT OF TAXATION & FINANCE
OFFICE OF REAL PROPERTY TAX SERVICES**

RP-412-a (1/95)

**INDUSTRIAL DEVELOPMENT AGENCIES
APPLICATION FOR REAL PROPERTY TAX EXEMPTION
(Real Property Tax Law, Section 412-a and General Municipal Law, Section 874)**

1. INDUSTRIAL DEVELOPMENT AGENCY (IDA)

Name Chenango County Industrial Development Age
 Street 15 South Broad Street
 City Norwich, NY 13815
 Telephone no. Day (607) 334-1400
 Evening () _____
 Contact Steve Craig
 Title Executive Director

2. OCCUPANT (IF OTHER THAN IDA)

(If more than one occupant attach separate listing)

Name Simaar USA Corp.
 Street 17 Willard Street
 City Greene, NY 13778
 Telephone no. Day (607) 875-4019
 Evening () _____
 Contact Allan Rais
 Title President

3. DESCRIPTION OF PARCEL

- a. Assessment roll description (tax map no./roll year) 236.2-1-24.2
- b. Street address 17 Willard Street
- c. City, Town or Village Greene
- d. School District Greene Central
- e. County Chenango
- f. Current assessment _____
- g. Deed to IDA (date recorded; liber and page) _____
 Memo of Lease Instrument # _____

4. GENERAL DESCRIPTION OF PROPERTY (if necessary, attach plans or specifications)

- a. Brief description (include property use) Acquisition and equipping of a 10,000+/- square foot industrial building
- b. Type of construction _____
- c. Square footage 10,000 +/-
- d. Total cost \$1,300,000
- e. Date construction commenced _____
- f. Projected expiration of exemption (i.e. date when property is no longer possessed, controlled, supervised or under the jurisdiction of IDA) December 31, 2027

5. SUMMARIZE AGREEMENT (IF ANY) AND METHOD TO BE USED FOR PAYMENTS TO BE MADE TO MUNICIPALITY REGARDLESS OF STATUTORY EXEMPTION

(Attach copy of the agreement or extract of the terms relating to the project).

- a. Formula for payment See Section 2(a) of attached Amended and Restated Payment in Lieu of Tax Agreement for schedule of annual payments.

- b. Projected expiration date of agreement December 31, 2027

c. Municipal corporations to which payments will be made

	Yes	No
County _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Town/City _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Village _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
School District _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>

d. Person or entity responsible for payment

Name Simaar USA Corp.
 Title Allan Rais, President
 Address 17 Willard Street
Greene, NY 13778

e. Is the IDA the owner of the property? Yes No (check one)
If "No" identify owner and explain IDA rights or interest in an attached statement.

Telephone 607-875-4019

6. Is the property receiving or has the property ever received any other exemption from real property taxation? (check one) Yes No

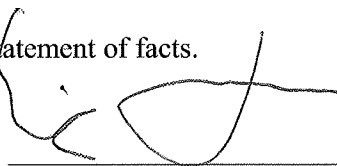
If yes, list the statutory exemption reference and assessment roll year on which granted:
exemption _____ assessment roll year _____

7. A copy of this application, including all attachments, has been mailed or delivered on _____ (date) to the chief executive official of each municipality within which the project is located as indicated in Item 3.

CERTIFICATION

I, Eric Larsen, Chairman of Chenango County Industrial Development Agency hereby certify that the information on this application and accompanying papers constitutes a true statement of facts.

April 13, 2017
Date


Signature

FOR USE BY ASSESSOR

1. Date application filed _____
2. Applicable taxable status date _____
- 3a. Agreement (or extract) date _____
- 3b. Projected exemption expiration (year) _____
4. Assessed valuation of parcel in first year of exemption \$ _____
5. Special assessments and special as valorem levies for which the parcel is liable:

Date

Assessor's signature