

**AGREEMENT FOR  
PAYMENT IN LIEU OF TAXES**

THIS AGREEMENT effective this 28<sup>th</sup> day of February, 2017 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 15 South Broad Street, Suite 1, 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; **AGNL RX, L.L.C.**, hereinafter referred to as the "Company", with a mailing address of c/o Angelo Gordon & Co., L.P., 245 Park Avenue, 24<sup>th</sup> Floor, New York, New York 10167-0094.

**RECITALS**

**WHEREAS**, the Agency is the fee owner of lands, together with all buildings and improvements located thereon situate in the Town of North Norwich, County of Chenango and State of New York more particularly described in the following deeds and as identified on the Chenango County tax map as the following parcel numbers (the "premises"):

Parcel I: Book 570 of Deeds, Page 117, tax map parcel 97.-1-41.3, 32.00' x 40.00'.

Parcel II: Book 570 of Deeds, Page 114, tax map parcel # 97.-1-36.2, 5.01 acres.

Parcel III: Book 562 of Deeds, Page 676, and Book 570 of Deeds, Page 119, excepting and reserving therefrom Book 623, Page 816 and Book 623, Page 833, tax map parcel # 97.-1-88.1, 58.34 acres; and

**WHEREAS**, pursuant to a certain Agreement to Extend and Modify Leases effective February 28, 2017, the Agency has net leased all three said parcels of land, together with all buildings and improvements located thereon to the Company for purposes of allowing the Company to conduct its business thereon and thereat which said business consists of the manufacturing and packaging of pharmaceutical products and other products; and

**WHEREAS**, pursuant to a certain Lease Agreement dated as of December 21, 2016 (the "Lease"), the Company leases the property to Norwich Pharmaceuticals, Inc. (the "Tenant") for a term of twenty (20) years with three (3) option years of five (5) years each.

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

**WHEREAS**, following written notice to the Chief Executive Officers of all affected taxing jurisdictions and the holding of a public hearing following published notice, the Agency did adopt a resolution authorizing the granting of financial assistance to the Company in the form

of a ten (10) year partial exemption from the payment of real property taxes levied and assessed against the premises as more particularly described below; and

**WHEREAS**, in consideration of granting said financial assistance the Agency has required the Company to enter into a payment-in-lieu of tax agreement (PILOT Agreement) with all affected taxing jurisdictions, to wit: the County of Chenango, the Town of North Norwich and the Sherburne-Earlville 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" - AGNL RX, L.L.C.
- (iii) "Town" - The Town of North Norwich, Chenango County, New York;
- (iv) "County" - The County of Chenango, New York;
- (v) "School District" - Sherburne-Earlville Central School District;
- (vi) "Department" - The Chenango County Treasurer's Department, Real Property Tax Unit;
- (vii) "Taxes" - General real property taxes levied by the Town, County and School District. "Taxes" shall not include special assessments nor ad valorem levies;
- (viii) "Premises" - The lands, together with all buildings, equipment, fixtures and improvements utilized therein and affixed thereto more particularly described in attached Exhibit "A", *i.e.* the following deeds recorded in the Office of the Clerk of Chenango County, New York and as identified on the Chenango County tax map as the following parcels:
  - (a) Book 570 of Deeds, Page 117 Tax Map # 97.-1-41.3, 32.00' x 40.00'
  - (b) Book 570 of Deeds, Page 114 Tax Map # 97.-1-36.2, 5.01 acres
  - (c) Book 562 of Deeds, Page 676, and Book 570 of Deeds, Page 119 (minus Book 623, Page 816 and Book 623, Page 833) Tax Map #97.-1-88.1, 58.34 acres

**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, 2017 and terminating March 1, 2027 unless during said ten year term the Agency shall convey or transfer all or a portion of its fee interest in the premises to a taxable grantee, or in the event the company shall terminate or assign its leasehold interest in the premises, to a taxable grantee, in which event that portion of the Premises so conveyed, transferred or terminated shall be fully taxable effective the next following taxable status date, unless otherwise provided for herein.

**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 and Town</u>	<u>Amount of Payment to School District</u>
2017	50% of all taxes due and owing on the Premises, pursuant to the 1997 PILOT Agreement.	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2018	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2019	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2020	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2021	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.

2022	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2023	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2024	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2025	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2026	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2027	50% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	100% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.
2028	100% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.	100% of all taxes that would otherwise be due and owing on the Premises but for this Agreement.

B. The Company and Tenant agree that in the event that the number of full time equivalent employees (“FTEs”) employed by Tenant at the Premises is reduced by more than thirty percent (30%) than the 290 FTEs employed by the Tenant at the Premises as of the date of this Agreement, then the amount of taxes that would otherwise be due and owing on the Premises but for this Agreement shall be increased by a percentage that is derived by multiplying the percentage of taxes to be paid by the Tenant set forth in each year in paragraph A immediately above by the percentage reduction in FTEs at the Premises and then adding the result to the existing percentage of taxes to be paid by the Tenant. For the avoidance of doubt, in the event that the Tenant reduces FTEs by thirty-five percent (35%) in year 2024, the payment in lieu of taxes shall be calculated by multiplying fifty percent (50%) by thirty-five percent (35%) and then adding the result (seventeen and one-half percent (17.5%)) to fifty percent (50%) to arrive at a new percentage whereby Tenant would pay sixty-seven and one-half percent (67.5%) of all taxes that would otherwise be due and owing on the Premises but for this Agreement. Notwithstanding anything to the contrary contained herein, in the event that the Tenant increases

the number of FTEs employed at the Premises after having suffered a reduction in FTEs greater than thirty percent (30%) such that any aggregate employment decrease from 290 FTEs is less than thirty percent (30%), then the provisions of this paragraph B shall no longer be applicable and, commencing with the next proceeding payment in lieu of taxes due hereunder, the payment in lieu of taxes shall be calculated as set forth in paragraph A immediately above. This analysis shall occur following the Agency's receipt of the Company's annual report in January and any adjustment to the exemption shall be communicated in writing to the County Assessor prior to March 1.

C. 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 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.

B. The Department shall forward a statement of the amount due to the Company to Norwich Pharmaceuticals, Inc. c/o Alvogen Pharma US, Inc., Attention: Accounts Receivable, 10 Bloomfield Avenue, Building B, Pine Brook, New Jersey 07508 or such other address as the Company may designate in writing. The statement of the amount due 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.

C. The Department shall collect from the Tenant, on behalf of the Company, the amount due and shall remit same as follows: the Department shall allocate all payments received among the Town, County, and School District, and shall cause each of the aforesaid's proportionate share to be paid to each within thirty (30) days after receipt by the Department. The payments in lieu of taxes shall be allocated among the Town, County, and School 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, and School District, had the Premises not been tax exempt due to Agency's fee 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 within the County. Payments which are delinquent or not made shall be subject to a late payment penalty of five percent (5%) of the amount due,

which shall be paid by the Tenant on behalf of the Company when the payment is delinquent because of the Tenant's failure to "timely" make the required payment to the Department before the due date. For each month, or part thereof, that the payment in lieu of taxes is delinquent beyond the first month, interest shall accrue to and be paid to the affected tax jurisdictions on the total amount due at the rate imposed on taxable property owners, plus a late payment penalty in the amount of one percent (1%) per month until the payment is made.

**ARTICLE SIX**  
**REMEDY UPON DEFAULT**

An affected tax jurisdiction, *i.e.*, the Town, County, and School District, which has not received the payment in lieu of taxes to which it is entitled to hereunder because of the Tenant's failure to pay same to the Department, may commence legal action in accordance with §874(6) of the General Municipal Law against the Tenant 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 Tenant 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. Written notice of such termination shall be given to the Company, the Tenant, the Department, the County, Town, School District, and to all other interested parties.

**ARTICLE SEVEN**  
**RETENTION OF RIGHTS**

The affected tax jurisdictions hereby agree that this Agreement in no way waives any right of the Company, the Tenant, 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, the Tenant 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 Tenant, 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, the Tenant 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 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, the Tenant nor the Agency shall make application or claim for any other exemption from real property taxes for the Premises to which either the Company, the Tenant 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, as such now or hereafter may exist.

**ARTICLE TEN**  
**EARLY TERMINATION, ASSIGNMENT PROHIBITED**

Notwithstanding any contrary term, clause or provision in this Agreement or in the lease agreement and/or in the sublease agreements, the Agency shall have the right, at its sole option, to terminate this Agreement prior to the expiration of the term hereof upon the occurrence of any of the following events:

- a. The Tenant ceases to do business at the premises.
- b. The Tenant or all or substantially all of its assets are sold, transferred or conveyed, except a purchaser wishing to continue the exemption conferred hereunder for the remaining term of this agreement may file with the Agency an application, cost/benefits analysis, and environmental questionnaire on forms supplied by the Agency. Upon the filing of said documents, the Agency shall comply with the requirements of General Municipal Law § 859-a, as then existing, including but not necessarily limited to written notice to the chief executive officer of all affected taxing jurisdictions and the holding of a public hearing. Following compliance with General Municipal Law §859-a, the Agency shall determine to continue this Agreement for the remaining term hereof or to terminate same. In the event of termination, the premises shall be fully taxable commencing the next following taxable status date.
- c. Any assignment to a third party by the Tenant or by its officers, directors or shareholders of the rights and benefits conferred upon the Company and the Tenant hereunder shall be null and void unless approved by the Agency in accordance with the provisions of subparagraph (b) above herein. Such approval shall not be unreasonably withheld, conditioned or delayed.

**ARTICLE ELEVEN**  
**TENANT TO PAY FEE TO AGENCY**

A. In consideration of the granting by the Agency to the Company and the Tenant of the exemption contained herein, the Tenant shall pay to the Agency a fee in the amount of One Hundred Forty Thousand Dollars (\$140,000.00) payable in ten (10) equal annual installments in the amount of Fourteen Thousand Dollars (\$14,000.00) each, the first of which shall be due and payable on March 1, 2017 and thereafter on the 1st day of March in each of the succeeding nine years. Additionally, the company shall pay to the Agency on March 1, 2017, a one-time fee in the amount of \$14,000.00.

B. The Tenant, at its sole option may pay all or any portion of said sum at any time during the term hereof.

C. Upon the failure of the Tenant to pay said fee, in addition to any other rights or remedies afforded to it under law, the Agency may elect to terminate this Agreement, in which event the Premises shall be fully taxable. Written notice of such termination shall be given to the Company, the Tenant, the Department, the Town, the School District, and all other interested parties.

D. In the event that during the ten year term hereof the Agency shall convey, transfer or terminate all or a portion of its fee interest in and to the Premises to a taxable grantee, or elects to terminate this Agreement prior to expiration for any cause provided for herein, or the Tenant shall terminate its leasehold interest in the premises, the Tenant, its successors and assigns shall nevertheless be liable to the Agency for the payment to the Agency of the unpaid balance of the said fee due hereunder, which balance may be paid in accordance with the provisions of paragraph (A) and (B) above stated herein.

#### **ARTICLE TWELVE AMENDMENTS**

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

#### **ARTICLE THIRTEEN 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 FOURTEEN 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 FIFTEEN FURNISHING COPIES**




The Agency shall mail a copy of this Agreement after execution by all parties, and a copy of the Form EA-412-a to the assessor for the Town of North Norwich, the Department and to the chief executive officer of the Town, County, and School District within fifteen (15) days of signing. The Agency shall cause the Form RP-412-a to be filed with the assessor for the Town of North Norwich before the taxable status date, March 1, 2017.

**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

Date: 2/27/17

By: 

Name: Brian Burton  
Title: Vice Chairman

Date: \_\_\_\_\_

AGNL RX, L.L.C.

By: AGNL Manager III, Inc., its manager

By: \_\_\_\_\_

Name: Gordon J. Whiting  
Title: President

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

On this 27<sup>th</sup> day of February, 2017, the undersigned, personally appeared Brian Burton 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/she executed the same in his/her capacity, and that by his/her signature on this instrument, the individual or the person upon behalf of which the individual acted, executed this instrument.



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Notary Public  
KEVIN M. POLE  
Notary Public, State of New York  
Qualified in Onondaga Co. No. 02P06076749  
My Commission Expires July 1, 20 18

STATE OF                            )  
  ) ss.:  
COUNTY OF                        )

On this \_\_\_\_\_ day of February, 2017, the undersigned, personally appeared Gordon J. Whiting 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/she executed the same in his/her capacity, and that by his/her signature on this instrument, the individual or the person upon behalf of which the individual acted, executed this instrument.

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Notary Public

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

Date: \_\_\_\_\_

By: \_\_\_\_\_

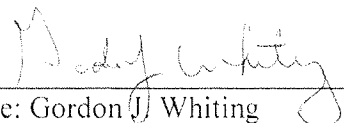
Name: Brian Burton

Title: Vice Chairman

Date: 2/27/17

AGNL RX, L.L.C.

By: AGNL Manager III, Inc., its manager

By:  \_\_\_\_\_

Name: Gordon J. Whiting

Title: President

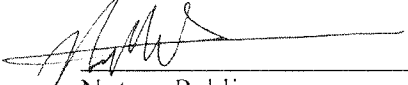
STATE OF NEW YORK            )  
  ) ss.:  
COUNTY OF CHENANGO        )

On this 27<sup>th</sup> day of February, 2017, the undersigned, personally appeared Brian Burton 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/she executed the same in his/her capacity, and that by his/her signature on this instrument, the individual or the person upon behalf of which the individual acted, executed this instrument.

\_\_\_\_\_  
Notary Public

STATE OF *New York*            )  
  ) ss.:  
COUNTY OF *New York*        )

On this 27<sup>th</sup> day of February, 2017, the undersigned, personally appeared Gordon J. Whiting 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/she executed the same in his/her capacity, and that by his/her signature on this instrument, the individual or the person upon behalf of which the individual acted, executed this instrument.

  
\_\_\_\_\_  
Notary Public

NICHOLAS MILLER GRACE  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01GR6342522  
Qualified In New York County  
My Commission Expires 05-23-2020

## EXHIBIT "A"

Three tracts or parcels of land, together with all buildings and improvements situate thereon located in the Town of North Norwich, Chenango County, State of New York, as follows:

### Parcel I

The same premises conveyed by Morton-Norwich Products, Inc. to County of Chenango Industrial Development Agency by deed dated July 22, 1976 and recorded in the Chenango County Clerk's Office on July 22, 1976 in Book 570 of Deeds at Page 117.

The premises being further identified on the Chenango County Tax Map as Parcel No. 97.-1-41.3 as 32.00' x 40.00'.

### Parcel II

The same premises conveyed by Morton-Norwich Products, Inc. to County of Chenango Industrial Development Agency by deed dated July 22, 1976 and recorded in the Chenango County Clerk's Office on July 22, 1976 in Book 570 of Deeds at Page 114.

The premises being further identified on the Chenango County Tax Map as Parcel No. 97.-1-36.2 as 5.01 acres.

### Parcel III

The same premises conveyed by Morton-Norwich Products, Inc. to County of Chenango Industrial Development Agency by deed dated May 29, 1975 and recorded in the Chenango County Clerk's Office on May 29, 1975 in Book 562 of Deeds at Page 676, and the same premises conveyed by Morton-Norwich Products, Inc. to County of Chenango Industrial Development Agency by deed dated July 22, 1976 and recorded in the Chenango County Clerk's Office July 22, 1976 in Book 570 of Deeds at Page 119, excepting and reserving therefrom (Book 570, Page 119) the premises conveyed by County of Chenango Industrial Development Agency to Rea-D-Pack Foods, Inc., by deed dated August 23, 1984 and recorded in the Chenango County Clerk's Office on August 23, 1984 in Book 623 of Deeds at Page 816 and excepting and reserving the premises conveyed by County of Chenango Industrial Development Agency to Norwich Eaton Pharmaceuticals, Inc. by deed dated August 23, 1984 and recorded in the Chenango County Clerk's Office on August 23, 1984 in Book 623 of Deeds at Page 833.

Also, an easement conveyed by Morton-Norwich Products, Inc. to County of Chenango Industrial Development Agency by deed dated July 22, 1976 and recorded in the Chenango County Clerk's Office on July 22, 1976 in Book 570 of Deeds at page 121. Also excepting and reserving 0.424+ acres conveyed to the State of New York for highway reconstruction purposes.

The premises being further identified on the Chenango County Tax Map as Parcel No. 97.-1-88.1 as 58.34 acres.