

AGREEMENT FOR PAYMENTS IN LIEU OF TAXES

AGREEMENT FOR PAYMENTS IN LIEU OF TAXES (the "PILOT Agreement"), dated as of February 26, 2018, by and between the COUNTIES OF WARREN AND WASHINGTON INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York having its principal place of business at 5 Warren Street, Glens Falls, New York 12801 (the "Agency") and RAY TERMINALS LLC (the "Company"), a New York limited liability company having an office for the transaction of business at 2794 7TH Avenue, Troy, New York 12180 (the "Company").

RECITALS

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York (the "State"), as amended, and Section 890-c of the General Municipal Law of the State (collectively, the "Act"), the Agency was created and granted the authority to enter into agreements for the purpose of acquiring, constructing and equipping certain commercial facilities; and

WHEREAS, to advance the public purposes for which it was created, the Agency, upon application of the Company, has agreed to undertake a project (the "Project") consisting of : (i) the acquisition by the Agency of a leasehold interest in certain real property located at 39 Golf Course Road in the Town of Hampton, New York (the "Land", being more particularly described as tax parcel number 45.00-1-33); (ii) the planning, design, construction, operation and maintenance by the Company of a wholesale propane gas storage and distribution facility, including an approximately 2,400 square foot office and storage building, 4 60,000 gallon liquid propane storage tanks (with room for 2 additional 60,000 gallon tanks) and related piping, pumps, compressors and coupling improvements, along with related site, roadway, parking, access, curbage, rail siding and onsite and offsite utility improvements that will include approximately 7,500 feet of above and below-ground 3 phase electric service line and poles, along with related electrical transformer (collectively, the "Improvements"); (iii) the acquisition of and installation in and around the Land and Improvements by the Company of machinery, equipment, fixtures and other items of tangible personal property (the "Equipment" and, collectively with, the Land and the Improvements, the "Facility"); and (iv) and (iv) entering into a straight lease transaction (within the meaning of subdivision (15) of Section 854 of the Act), pursuant to which the Agency will retain a leasehold interest in the Facility for a period of time and sublease such interest in the Facility back to the Company (the "Straight Lease Transaction"), all pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York, Chapter 862 of the Laws of 1971 of the State of New York (collectively, the "Act"), as amended; and

WHEREAS, the Agency has agreed to lease and the Company has agreed to rent the Project Facility pursuant to a lease agreement dated as of February 26, 2018 (the "Lease Agreement"); and

WHEREAS, the Agency will hold a leasehold interest to the Land and all improvements thereon until such time as it may convey its leasehold interest to the Project Facility pursuant to the Lease Agreement; and

WHEREAS, under Section 412-a of the Real Property Tax Law of the State and Section 874 of the General Municipal Law of the State, the Agency is exempt from the payment of taxes and assessments on any real property acquired by it or taken under its jurisdiction, supervision or control; and

WHEREAS, the Agency shall file, on or prior to March 1, 2018, a NYS Real Property Form 412-a with the assessor of the taxing jurisdiction, together with a copy of this PILOT Agreement; and

WHEREAS, Section 6.3 of the Lease Agreement provides that the Company will make certain payments in lieu of town, county, school district and other governmental taxes and charges; and

WHEREAS, in accordance with Section 874(4)(a) of the General Municipal Law of the State, the Agency has established a uniform tax exemption policy (the "Uniform Tax Exemption Policy").

NOW, THEREFORE, in partial consideration of the Agency undertaking the Project, the Company and Agency agree as follows:

AGREEMENT

SECTION 1. Definitions. Unless the context or use unambiguously indicates otherwise, all capitalized terms used herein shall have the meanings given to them in the Lease Agreement.

SECTION 2. Description of Property. This PILOT Agreement shall apply to the Land and Facility, as more particularly described within Schedule A hereto.

SECTION 3. Company Obligations.

(A) Subject to the completion and filing by the taxable status date of March 1, 2018 (the "Taxable Status Date") of New York State Form RP-412-a Application For Real Property Tax Exemption (the "Exemption Application") under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act and the approval of the Exemption Application by the appropriate assessors or Board of Assessment Review, the Land (along with the Improvements once constructed by the Company, as agent of the Agency) shall be exempt from Real Estate Taxes for the periods set forth herein. For purposes of the foregoing "Real Estate Taxes" means all general levy real estate taxes levied against the Facility by the County, Town and the School. The Company shall provide to the Agency with the information necessary for the completion and filing of the Exemption Application and shall provide such additional

information and take such actions as are required by the appropriate assessors or Board of Assessment Review to process and approve the Exemption Application. Notwithstanding anything contained herein or in the Leaseback Agreement to the contrary, in the event the exemption from Real Estate Taxes is denied for any reason, the Company shall pay (and hereby agrees to pay) all Real Estate Taxes levied upon the Facility as they become due. After giving written notice to the Agency, the Company may in good faith contest the denial of the Exemption Application, provided that (i) the overall operating efficiency of the Facility is not impaired and the Facility continues to qualify as a "project" under the Act; (ii) neither the Facility nor any part of or interest in it would be in any danger of being sold, forfeited or lost; or (iii) neither the Company nor the Agency, as a result of such contest, shall be in any danger of any civil or criminal liability. The Company hereby waives any claim or cause of action against the Agency, and releases the Agency from any liability to the Company, arising from the denial of an exemption from Real Estate Taxes except to the extent that such denial results solely from the failure of the Agency to file the Exemption Application with the appropriate assessors or Board of Assessment Review by the Taxable Status Date.

(B) Throughout the period, a leasehold interest to the Land and the Facility is conveyed to the Agency, the Company shall pay to the Agency, in accordance with the terms of this agreement, certain taxes, assessments, rents and other governmental charges levied upon or against the Land and the improvements thereon (the "PILOT Payments"). In determining the amount of any PILOT Payment, such payment shall be calculated (1) as if title and interest to the Land is in the Company and not the Agency, (2) as if the improvements contemplated by the Plans and Specifications are completed on or before the Completion Date and (3) in accordance with the PILOT Payment Schedule as set forth in Schedule B hereto.

(C) As long as the Facility is owned by the Agency or leased by the Company to the Agency, or under the Agency's jurisdiction, control or supervision, the Company agrees to pay annually to the Agency as a payment in lieu of taxes, on or before January 31 and September 30 of each year beginning September 30, 2018 (for School Taxes), and thereafter on January 31 and September 30 of each year during the term hereof (collectively, the "Payment Date") for School, County and Town Taxes, respectively, an amount equal to the Total PILOT payment, which is the product of the following:

The then current tax rate for such Affected Tax Jurisdiction (after application of any applicable equalization rate) multiplied by the Total Taxable Valuation (as defined in Schedule A)

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

(C) In addition to the payments set forth in paragraph (A) of this Section 3, the Company shall be responsible for the payment to the Agency of all assessments, water/sewer rents and

other governmental charges not included in Schedule B that would be levied upon or against the Land and the improvements thereon were title to them in the Company and not the Agency.

(D) If the lease of the Facility to the Agency remains in effect beyond the term allowed herein, the Company shall pay to the Agency all taxes that would have been levied on or against the Facility were title to it in the Company and not the Agency. Payments hereunder shall be made at such times and in such amounts as would be due were title to the Facility in the Company and not the Agency.

(E) If any payments under paragraph (A) and (B) of this Section 3 are untimely, such payments shall be subject to late charges, costs, expenses and penalties in accordance with Section 874(5) and Section 874(6) of the General Municipal Law of the State, as amended.

(F) Period of Benefits. The tax benefits provided for herein shall be deemed to include (i) the 2019 County and Town tax year through the 2028 County and Town Tax year, and (iii) the 2018/2019 School tax year through the 2027/2028 School tax year. This PILOT Agreement shall expire on December 31, 2028; *provided, however,* the Company shall pay the 2029 County and Town tax bill and the 2028/2029 School tax bill on the dates and in the amounts as if the Agency were not in title on the tax lien date with respect to said tax years. In no event shall the Company be entitled to receive tax benefits relative to the Facility for more than the periods provided for herein, unless the period is extended by amendment to this Agreement executed by both parties after any applicable public hearings.

SECTION 4. Sales Tax Exemption.

(A) The initial construction and equipping of the Facility shall be exempt from sales tax. The initial sales tax exemption period for the Facility shall expire at the end of the Construction Period, subject to extension by approval of the Agency. No sales tax exemption shall be granted to the Company for the operations of the Facility.

(B) The Agency and the Company agree that the sales tax exemption shall be provided in accordance with Section 875 of the General Municipal Law, as amended. The Agency shall keep records of the amount of State and local sales and use tax exemption benefits provided to this Project and Company and its subagents, shall make such records available to the Commissioner of Tax & Finance upon request.

SECTION 5. Mortgage Tax Exemption. All mortgages placed against the Facility shall be exempt from the payment of mortgage recording tax, as would otherwise be charged pursuant to the Tax Law of the State, as amended.

SECTION 6. Recapture of Benefits. All benefits derived hereunder, including mortgage tax exemptions, real property tax exemptions and sales tax exemptions, shall be subject to the Recapture of Benefits Policy of the Agency as acknowledged as of the date hereof and as set forth on Schedule C hereto.

SECTION 7. Distribution of Payments. The Agency shall distribute each payment hereunder among the tax districts within which the Facility is located in accordance with Section 858(15) of the General Municipal Law of the State, as amended.

SECTION 8. Event of Default. Failure of the Company to make any payment required hereunder shall constitute an Event of Default under the Lease Agreement.

SECTION 9. Remedies on Default.

(A) General. Whenever 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 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, agreement and covenants of the Company under this Payment in Lieu Agreement.

(B) Cross-Default. In addition, Default hereunder shall constitute an event of default under Article X of the Lease Agreement. Upon occurrence 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, thus subjecting the Project Facility to immediate full taxation pursuant to Section 520 of the Real Property Tax Law of the State.

SECTION 10. Term of Agreement. The term of the PILOT Agreement shall commence as of the date hereof and run through and include December 31, 2028, unless terminated earlier in accordance with the provisions hereof. Until the leasehold interest in the Land and improvements is transferred into the Agency on the next ensuing taxable status date, the Company shall be liable for all real property taxes levied on, or which could be levied on, the Land and improvements based on the assessment roll in effect on the date of the Underlying Lease from the Company to the Agency. The Company shall be liable for all real property taxes levied on, or which could be levied on, the Land and improvements from the date of conveyance from the Agency to the Company pursuant to the provisions of Section 520 of the Tax Law of the State.

SECTION 11. Grievance Procedure.

(A) The Agency hereby assigns to the Company all of the Agency's rights under the Real Property Tax Law of the State to contest any assessment on or real property tax levied against the Land and the Facility. Should the Company commence any real property assessment review proceeding under this Section 11, the Company shall have the right to prosecute such action or administrative adjudication in the name of the Agency. If the Company shall prevail in such proceeding, the Agency shall pass through to the Company any refunds of payments in lieu of

taxes the Agency receives from the taxing jurisdictions based upon the final order or judgment of the court or Governmental Authority reviewing the assessment or tax.

(B) The rights assigned in paragraph (A) of this Section 11 are subject to those rights and obligations created by the Lease Agreement.

SECTION 12. Assignment of Company Obligations. The obligations of the Company under the PILOT Agreement may not be assigned in whole or in part to any other Person without the prior written consent of the Agency.

SECTION 13. Merger of Agency.

(A) Nothing contained in the PILOT Agreement shall prevent the consolidation of the Agency with, or merger of the Agency into or assignment by the Agency of its rights and interests hereunder to any other body corporate and politic and public instrumentality of the State or political subdivision thereof which has the legal authority to perform the obligations of the Agency hereunder, provided that upon any such consolidation, merger or assignment, the due and punctual performance and observance of all the agreements and conditions of the PILOT Agreement and the Lease Agreement to be kept and performed by the Agency shall be expressly assumed in writing by the public instrumentality or political subdivision resulting from such consolidation or surviving such merger or to which the Agency's rights and interests hereunder shall be assigned.

(B) As of the date of any such consolidation, merger or assignment, the Agency shall give notice thereof in reasonable detail to the Company. Pursuant to Section 9.2 of the Lease Agreement, the Agency shall promptly furnish to the Company such additional information with respect to any such consolidation, merger or assignment as the Company reasonably may request.

SECTION 14. Uniform Tax Exemption Policy. This PILOT Agreement and its provisions are in compliance with the Agency's Uniform Tax Exemption Policy.

SECTION 15. Counterparts. This PILOT Agreement may be executed in several counterparts each of which shall be an original and all of which shall constitute but one instrument.

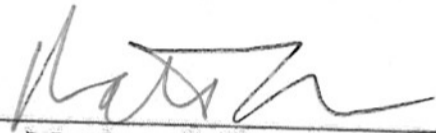
SECTION 16. Applicable Law. This PILOT Agreement shall be governed exclusively by the applicable laws of the State of New York.

SECTION 17. Section Headings. The section headings of this PILOT Agreement have been prepared for convenience only and shall not affect the meaning of any provision of this PILOT Agreement.

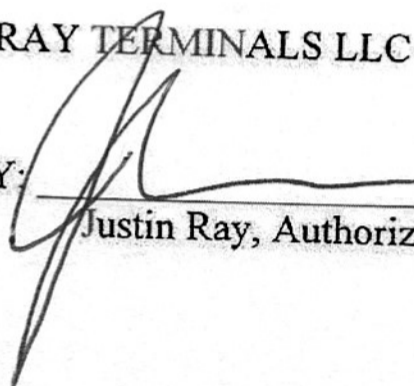
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Agency and the Company have caused this PILOT Agreement to be executed by their Authorized Representatives as of the date first above written.

COUNTIES OF WARREN AND WASHINGTON
INDUSTRIAL DEVELOPMENT AGENCY

BY: 
Matthew J. Simpson, Chairman

RAY TERMINALS LLC

BY: 
Justin Ray, Authorized Representative

SCHEDULE A
(PROPERTY DESCRIPTION & SOURCE OF TITLE)

SCHEDULE A DESCRIPTION

ALL THAT CERTAIN LOT, piece or parcel of land, situate, lying and being in the Town of Hampton, County of Washington and State of New York, designated as Parcel A on a map entitled "Map of a Survey showing proposed parcel to be conveyed from Adirondack Holdings and Supply Corp." dated May 4th, 2015, made by W.J. Rourke Associates, Licensed Land Surveyor" and filed in the Washington County Clerk's Office on May 21, 2015 as Map Number 12693, being a parcel of land 20.994 acres in size.

BEING a portion of the premises conveyed by Robert M. Winn as Referee by Bargain and Sale Deed dated August 19, 2014 and recorded on September 18, 2014 in the Washington County Clerk's Office in Liber 3448 of Deeds at Page 153.

The metes and bounds description for such parcel is as follows:

ALL that tract or parcel of land situate on the west side of Golf Course Road (formerly known as Golf Course Lane), Town of Hampton, Washington County, State of New York and being more particularly bounded and described as follows:

BEGINNING at a point at the northeast corner of the herein described Parcel A said point of beginning being at the intersection of the west boundary of Golf Course Road and the south boundary of lands of Clarendon and Pittsford Railroad Company (L498 P. 841) and also being the northeast corner of a telephone easement (L633 P. 118), thence from said point of beginning;

South 06 degrees 26 minutes 36 seconds West 452.99 feet along the west boundary of Golf Course Road to a point;

THENCE the following two courses along a piece of land occupied by Francis and Ann LaRose for a horse corral North 84 degrees 09 minutes 24 seconds West 162.25 feet to a point;

THENCE South 06 degrees 30 minutes 25 seconds West 248.70 feet to a point on the North boundary of Francis and Ann LaRose (L.484 P.88);

THENCE North 85 degrees 38 minutes 41 seconds West 1166.15 feet along a wire fence and North boundary of LaRose to a point;

THENCE North 06 degrees 00 minutes 00 seconds East 722.99 feet along a fence line and East boundary of Diane and Nikos Lukaris (L. 667 P. 4) to a point on the south boundary of the Clarendon and Pittsford Railroad Company (L.498 P.841);

THENCE the following four courses along said railroad South 85 degrees 12 minutes 43 seconds East 945.26 feet to a point;

THENCE South 84 degrees 10 minutes 14 seconds East 239.04 feet to a point;

THENCE South 82 degrees 07 minutes 04 seconds East 85.49 feet to a point;

THENCE South 79 degrees 16 minutes 12 seconds East 64.31 feet to the point and place of BEGINNING.

SOURCE OF TITLE

Deed from Adirondack Holdings and Supply Corp., a NY Corporation to Ray Terminals, LLC, a NY limited liability company, dated December 9, 2015, and recorded in the Washington County Clerk's Office on December 17, 2015, in Book 3601 at Page 103.

SCHEDULE B

PILOT PAYMENT SCHEDULE

“Total PILOT Payment” shall be calculated as follows:

| <u>PILOT Year</u> | <u>County/Town Tax Year</u> | <u>School Tax Year</u> | <u>Total Taxable Valuation</u> |
|-------------------|-----------------------------|------------------------|--|
| Interim | 2018 | 2017-2018 | Full taxes |
| Year 1 | 2019 | 2018/2019 | Base Valuation, plus (Added Value x .00) |
| Year 2 | 2020 | 2019/2020 | Base Valuation, plus (Added Value x .00) |
| Year 3 | 2021 | 2020/2021 | Base Valuation, plus (Added Value x .00) |
| Year 4 | 2022 | 2021/2022 | Base Valuation, plus (Added Value x .00) |
| Year 5 | 2023 | 2022/2023 | Base Valuation, plus (Added Value x .00) |
| Year 6 | 2024 | 2023/2024 | Base Valuation, plus (Added Value x .50) |
| Year 7 | 2025 | 2024/2025 | Base Valuation, plus (Added Value x .50) |
| Year 8 | 2026 | 2025/2026 | Base Valuation, plus (Added Value x .50) |
| Year 9 | 2027 | 2026/2027 | Base Valuation, plus (Added Value x .50) |
| Year 10 | 2028 | 2027-2028 | Base Valuation, plus (Added Value x .50) |

For the term of this PILOT Agreement, the Company shall pay full taxes based on the assessed value of the Land before the completion of any Project improvements (the “Base Valuation”). **During the term of this PILOT Agreement, the Base Valuation shall be frozen at (\$127,800.00).** The Total Taxable Valuation for each Total PILOT Payment shall be calculated such that a graduated abatement factor (“Abatement Factor”) shall be applied to the increased assessed valuation attributable to the Improvements made to the Project Facility by the Company, as an Agent of the Agency, for the Project (the “Added Value”). The abatement schedule shall allow for a 100% exemption from taxation for the Added Value in the first five PILOT Years, with such exemption being reduced to 50% for PILOT Years 6-10.

Once the Total Taxable Valuation is established using the Abatement Factor, the Total PILOT Payment shall be determined by multiplying the Total Taxable Valuation by the respective tax rate for each affected tax jurisdiction (after application of any applicable equalization rate). After the tenth PILOT Year, the Project Facility shall be subject to full taxation by the affected taxing jurisdictions.

Total Taxable Valuation = Base Valuation + (Added Value x Abatement Factor)
 Total PILOT Payment = Total Taxable Valuation (after equalization) x Tax Rate

SCHEDULE C

RECAPTURE POLICY (Adopted July 18, 2016)

Section 1. Reasons for the recapture of benefits (Financial Assistance) include the following:

- a. Sale or closure of the facility and departure of the company from the Counties of Warren or Washington (Notwithstanding any of the terms set forth herein, this occurrence shall result in the immediate termination of Financial Assistance).
- b. Significant change in the use of the facility and/or the business activities of the company.
- c. Significant employment reductions not reflective of the company's (normal) business cycle and/or local and national economic conditions.
- d. Failure to comply with any periodic and/or annual reporting requirements of the Agency, State or Federal governmental agency.
- e. Failure to meet or comply with the Material Terms, as determined by the Agency at the time of the acceptance of the project for Financial Assistance and as set forth in the Inducement Resolution, Amended and Restated Preliminary Agreement.

These "Material Terms" as defined for the particular project will be utilized by the Agency in setting and monitoring project benchmarks during the term of the incentives for the purposes of administering the Agency's recapture policy.

For certain numerical "Material Terms" such as job creation/retention or investment amount an achievement factor of 80% will constitute compliance. For non-numeric "Material Terms" such as redevelopment of an old structure for a new purpose or location on a Brown Field site, a determination of compliance will be made upon completion of the project.

It is understood that these "Material Terms" may vary depending on project type and project specifics, and may be selected from the criteria set forth in the foregoing Section A, 2 Impact on Local Economy in the Policy Manual of the Agency.

- f. For a project that failed to comply with a significant term or condition to use property or services in the manner required by any and all provisions of the agreements that the company has entered into with the Agency.

Section 2. For companies receiving real property tax abatements the recapture of benefits schedule (applicable to the real property tax abatements) is as follows:

Years 1-5 100% of the tax exemptions granted shall be repaid to the affected taxing jurisdictions, unless agreed to otherwise, in writing, by the applicable taxing jurisdiction

Years 6-7 75% of the tax exemptions granted shall be repaid to the affected taxing jurisdictions, unless agreed to otherwise, in writing, by the applicable taxing jurisdiction

Years 8-9 50% of the tax exemptions granted shall be repaid to the affected taxing jurisdictions, unless agreed to otherwise, in writing, by the applicable taxing jurisdiction

Year 10 25% of the tax exemptions granted shall be repaid to the affected taxing jurisdictions, unless agreed to otherwise, in writing, by the applicable taxing jurisdiction

Years 11+ 0% of the tax exemptions granted shall be repaid to the affected taxing jurisdictions.

The time period above is from the effective date of the PILOT Agreement.

In the case of real property taxes, any amounts recovered, recaptured, received or otherwise obtained shall be payable to the appropriate taxing jurisdictions, unless otherwise agreed to in writing by the taxing jurisdiction.

Section 3. In addition to the above reasons for recapture, the Agency shall recover, recapture, receive or otherwise obtain from the company, or its subagents, sales tax benefits that were taken or purported to be taken which are:

- a. In excess of the amounts authorized; or
- b. For property or services not authorized; or
- c. For a project that failed to comply with a significant term or condition to use property or services in the manner required by any and all provisions of the agreements that the company has entered into with the Agency.

For purposes of this Recapture Policy, the Company and its subagents shall cooperate with the Agency in its efforts to recover, recapture, receive or otherwise obtain such State sales and use benefit exemptions and shall promptly pay over such amount to the Agency that it requests. The failure to pay over such amounts to the Agency shall be grounds for the Commissioner of Taxation and Finance to assess and determine State sales and use taxes due from the Company

under Article 28 of the New York State Tax Law, together with any penalties and interest due on such amounts.

In the event that the Agency recovers, recaptures, receives or otherwise obtains any amount of State sales and use tax exemption benefits from the Company or its agents, the Agency shall, within thirty (30) days of coming into possession of such amount, remit it to the Commissioner of Taxation and Finance, together with such other information and report that the Commissioner deems necessary to administer payment over such amount.

Section 4.

In the event that the Agency determines that there exists a basis for recapture as set forth in Section 1 herein, the Agency shall notify the company, in writing, that the Agency has determined that a basis for recapture exists. The company shall be given a reasonable timeframe within which to remedy the violation, such timeframe being commensurate to the violation, and the company shall provide additional information and/or an explanation as to why the violation has occurred or the Material Term has not been achieved, as the case may be. If requested by the Agency, the company shall make a presentation to the Agency concerning this default.

Thereafter the Agency may determination pursuant to this Recapture Policy. Imposition of any recapture is at the sole discretion of the Agency and is reviewed/considered on a case by case basis. In lieu of imposing the above recapture penalties and for good cause shown by the company, the Agency, at its sole discretion, may make a determination to discontinue the Financial Assistance in its entirety, per the provisions set forth the in the Lease Agreement; or suspend the Financial Assistance for a specific stated period of time in order for the company to correct or comply with the Material Term being breached; or, in the case of real property taxes exemptions, modify the PILOT Agreement to decrease the exemption and increase the payments due for the remaining term of the PILOT Agreement.