CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AND

THE PLEASANT T. ROWLAND, LLC

PAYMENT IN LIEU OF TAX AGREEMENT

The Pleasant T. Rowland, LLC Project
Abbott House Renovation
453 Main Street, Village of Aurora, Cayuga County, New York

Tax Map Number:
181.12-1-8

Dated as of August 20, 2013

Affected Tax Jurisdictions:
Cayuga County
Town of Ledyard
Village of Aurora
Southern Cayuga Central School District

PAYMENT IN LIEU OF TAX AGREEMENT

THIS PAYMENT IN LIEU OF TAX AGREEMENT (the "Agreement"), dated as of the 20th day of August, 2013, is by and between the **CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation duly existing under the laws of the State of New York, with offices located at County Office Building, 160 Genesee Street, 5th Floor, Auburn, New York 13021 (the "Agency") and **THE PLEASANT T. ROWLAND, LLC** a Delaware limited liability company with offices at 6120 University Avenue, Middleton, Wisconsin 53562 (the "Company").

W I T N E S S E T H :

WHEREAS, the Agency was created by Chapter 688 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York (collectively, the "Act") as a body corporate and politic and as a public benefit corporation of the State of New York; and

WHEREAS, THE PLEASANT T. ROWLAND, LLC for itself or on behalf of an entity to be formed (herein, the "Company"), has submitted an application (the "Application") to the Agency requesting that the Agency consider undertaking a Project (the "Project") consisting of (A) the acquisition by the Agency from the Company of a leasehold interest in an approximately two (2) acre parcel of land located at 453 Main Street within the Village of Aurora, New York (the "Land", being more particularly described as TMID No. 181.12-1-8) and the existing improvements located thereon, including an approximately 10,000 square foot residential facility, along with related site improvements, known as the "Abbott House" (collectively, the "Existing Improvements") (B) the planning, design, construction, reconstruction, rehabilitation and upgrade of the Existing Improvements as a modern lodging, meeting and restaurant facility, including of ten (10) guest rooms, an innkeeper room, conference rooms, private dining room, outdoor special event patio, a boathouse addition and various outdoor upgrades, improvements, parking and site improvements (collectively, the "Improvements") to be leased to and operated by Aurora Inn, Inc. (the "Operator"); (C) the acquisition and installation in and around the Existing Improvements and Improvements of certain machinery, equipment and other items of tangible personal property (the "Equipment", and collectively with the Land, the Existing Improvements and Improvements, the "Facility"); and (D) through a straight lease transaction (within the meaning of subdivision (15) of Section 854 of the Act), pursuant to which the Agency will acquire a leasehold interest in the Facility and sublease such interest in the Facility back to the Company (the "Straight Lease Transaction"); and

WHEREAS, in order to induce the Company to acquire, renovate, construct and equip the Facility, the Agency is willing to take a leasehold interest in the Land, the Improvements, and the Equipment constituting the Facility and lease said Land, Improvements, and Equipment constituting the Facility back to the Company pursuant to the terms and conditions of a certain Leaseback Agreement to be dated on or about the date hereof (the "Leaseback Agreement"); and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from the payment of taxes imposed upon real property and improvements owned by it or under its jurisdiction, control or supervision, other than special ad valorem levies, special assessments and service charges against real property which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provisions for payments in lieu of taxes by the Company to the Agency for the benefit of Cayuga County (the "County"), the Town of Ledyard (the "Town"), the Village of Aurora (the Village") and the Southern Cayuga Central School District (the "School District" and, collectively with the County, the Town and the Village, the "Affected Tax Jurisdictions").

NOW, THEREFORE, in consideration of the covenants herein contained, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

Section 1 - Payment in Lieu of Ad Valorem Taxes:

Section 1.1 A. Subject to the completion and filing by the taxable status date **(March 1, 2014)** (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 Facility shall be exempt from Real Estate Taxes commencing with the **2015 Town and County** tax years, the **2014-2015 School** tax year and the **2015-2016 Village Tax Year**. For purposes of the foregoing "Real Estate Taxes" means all general levy real estate taxes levied against the Facility by the Village, Town, County and 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. Payee. As long as the Facility is owned by or leased to the Agency or under its jurisdiction, control or supervision, the Company agrees to pay annually to the Affected Tax Jurisdictions as a payment in lieu of taxes, on or before **January 1** of each calendar year for Town and County taxes and on or before **September 1** of each calendar year for School and Village taxes (collectively, the "Payment Date"), commencing on **January 1, 2015** and

September 1, 2014, respectively, an amount equal to the Total PILOT payment, as described on Schedule A attached hereto.

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.

1.2 Allocation. The Agency shall remit to the Affected Tax Jurisdictions amounts received hereunder (if any) within thirty (30) days of receipt of said payment and shall allocate said payments among the Affected Tax Jurisdictions in the same proportion as ad valorem taxes would have been allocated but for the Agency's involvement, unless the Affected Tax Jurisdictions have consented in writing to a specific allocation.

1.3 Tax Rates. For purposes of determining the allocation of the Total PILOT Payment among the Affected Tax Jurisdictions, the Agency shall use the last tax rate utilized for levy of taxes by each such jurisdiction. For County and Town and special district purposes, the tax rates used to determine the allocation of the Total PILOT Payment shall be the tax rates relating to the calendar year which includes the PILOT payment due date. For Village and School District purposes, the tax rates used to determine the PILOT payment shall be the rate relating to the budget and/or school year which includes the PILOT payment due date.

1.4 Valuation of Future Additions to the Facility: If there shall be a future addition to the Facility constructed or added in any manner after the date of this Agreement, the Company shall notify the Agency of such future addition ("Future Addition"). The notice to the Agency shall contain a copy of the application for a building permit, plans and specifications, and any other relevant information that the Agency may thereafter request. Upon the earlier of substantial completion, or the issuance of a certificate of occupancy for any such Future Addition to the Facility, the Company shall become liable for payment of an increase in the Total PILOT Payment. The Agency shall notify the Company of any proposed increase in the Total PILOT Payment related to such Future Addition. If the Company shall disagree with the determination of assessed value for any Future Additions made by the Agency, then and in that event that valuation shall be fixed by a court of competent jurisdiction. Notwithstanding any disagreement between the Company and the Agency, the Company shall pay the increased PILOT payment until a different Total PILOT Payment shall be established. If a lesser Total Annual Payment is determined in any proceeding or by subsequent agreement of the parties, the Total PILOT Payment shall be re-computed and any excess payment shall be refunded to the Company or, in the Agency's sole discretion, such excess payment shall be applied as a credit against the next succeeding PILOT payment(s).

1.5 Period of Benefits; Interim Real Estate Taxes. The tax benefits provided for herein should be deemed to include (i) the 2014-2015 School tax year through the 2023-2024 School tax year, (ii) the 2015 County and Town tax years through the 2024 County and Town tax years, and (iii) the 2015-2016 Village tax year through the 2023-2024 Village tax year. This PILOT Agreement shall expire on December 31, 2024; *provided, however*, the Company shall pay the 2024-2025 School and Village tax bills and the 2025 County and Town tax bills on the dates and in the amounts as if the Agency were not in title on the tax status 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. The Company agrees that it will not seek any tax exemption for the Facility which could provide benefits for more than the periods provided for herein and specifically agrees that the exemptions provided for herein, to the extent actually received (based on the number of lease years elapsed), supersede and are in substitution of the exemptions provided by Section 485-b of the New York Real Property Tax Law ("RPTL"). It is hereby agreed and understood that the Affected Tax Jurisdictions can rely upon and enforce the above waiver to the same extent as if they were signatories hereto.

The Company shall timely pay all interim Real Estate Taxes assessed against the Facility for the applicable tax years prior to the Period of Benefits, including (i) the 2013-2014 School tax year, (ii) the 2014 County and Town tax years, and (iii) the 2013-14 and 2014-15 Village tax years.

Section 2 - Special District Charges, Special Assessments and other Charges. Special district charges, special assessments, and special ad valorem levies (specifically including but not limited to fire district charges), and pure water charges and sewer charges are to be paid in full in accordance with normal billing practices.

Section 3 - Transfer of Facility. In the event that the Facility is transferred from the Agency to the Company (the lease/leaseback agreements are terminated), and the Company is ineligible for a continued tax exemption under some other tax incentive program, or the exemption results in a payment to the Affected Tax Jurisdictions in excess of the payment described in Section I herein, or this Agreement terminates and the property is not timely transferred back to the Company, the Company agrees to pay no later than the next tax lien date (plus any applicable grace period), to each of the Affected Tax Jurisdictions, an amount equal to the taxes and assessments which would have been levied on the Facility if the Facility had been classified as fully taxable as of the date of transfer or loss of eligibility of all or a portion of the exemption described herein or date of termination.

Section 4 - Assessment Challenges.

4.1 The Company shall have all of the rights and remedies of a taxpayer as if and to the same extent as if the Company were the owner of the Facility, with respect to any proposed assessment or change in assessment exclusively with respect to the Added Value (as defined within Schedule A, hereto) associated with the Facility by any of the Affected Tax Jurisdictions and likewise shall be entitled to protest before and be heard by the appropriate assessors or Board of Assessment Review, and shall 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 tax equivalent provided for herein. The foregoing rights shall not include the right to challenge the "Base Value", as defined within Schedule A, hereto.

4.2 Subject to the restrictions associated with Section 4.1, above, the Company shall have all of the rights and remedies of a taxpayer with respect to any tax, service charge, special benefit, ad valorem levy, assessment, or special assessment or service charge in lieu of which the Company is obligated to make a payment pursuant to this Agreement and relating to the Added Value, as if and to the same extent as if the Company were the owner of the Facility.

4.3 The Company shall (i) cause the appropriate real estate tax assessment office and tax levy officers to assess the Facility and apply tax rates to the respective assessments as if the Facility were owned by the Company, (ii) file any accounts or tax returns required by the appropriate real estate tax assessment office and tax levy officers.

Section 5 - Changes in Law. To the extent the Facility is declared to be subject to taxation or assessment by an amendment to the Act, other legislative change, or by final judgment of a Court of competent jurisdiction, the obligations of the Company hereunder shall, to such extent, be null and void.

Section 6 – Job Creation. As specific inducement for Agency entering into this PILOT Agreement with the Company, the Company shall (and/or the Operator shall) retain and create the full-time or equivalent jobs set forth in the Application for Financial Assistance dated June 6, 2013 (the "Application"), during the term of this PILOT Agreement at the Facility. Further, the Company pledges its best effort to hire persons from the Cayuga County, New York work force. The Company shall promptly provide employment figures to the Agency as requested.

Section 7 - Events of Default.

7.1 The following shall constitute "Events of Default" hereunder. The failure by the Company to: (i) make the payments described in Section I within thirty (30) days of the Payment Date (the "Delinquency Date"); (ii) make any other payments described herein on or before the last day of any applicable cure period within which said payment can be made without penalty; or (iii) the occurrence and continuance of any events of default under the Leaseback Agreement after any applicable cure periods. Upon the occurrence of any Event of Default hereunder, in addition to any other right or remedy the Agency and/or the Affected Tax Jurisdictions may have at law or in equity, the Agency and/or Affected Tax Jurisdictions may, immediately and without further notice to the Company (but with notice to the Agency with respect to actions maintained by the Affected Tax Jurisdictions) pursue any action in the courts to enforce payment or to otherwise recover directly from the Company any amounts so in default. The Agency and the Company hereby acknowledge the right of the Affected Tax Jurisdictions to recover directly from the Company any amounts so in default pursuant to Section 874(6) of the General Municipal Law and the Company shall immediately notify the Agency of any action brought, or other measure taken, by any Affected Tax Jurisdiction to recover any such amount.

7.2 If payments pursuant to Section I herein are not made by the Delinquency Dates, or if any other payment required to be made hereunder is not made by the last day of any applicable cure period within which said payment can be made without penalty, the Company shall pay penalties and interest as follows. With respect to payments to be made pursuant to Section I herein, if said payment is not received by the Delinquency Date defined in Section 7.1 herein, Company shall pay, in addition to said payment, (i) a late payment penalty equal to five percent (5%) of the amount due and (ii) for each month, or any part thereof, that any such payment is delinquent beyond the first month, interest on the total amount due plus the late payment penalty, in an amount equal to one percent (1%) per month. With respect to all other payments due hereunder, if said payment is not paid within any applicable cure period, Company shall pay, in addition to said payment, the greater of the applicable penalties and interest or penalties and interest which would have been incurred had payments made hereunder been tax payments to the Affected Tax Jurisdictions.

Section 8 - Assignment. No portion of any interest in this Agreement may be assigned by the Company, nor shall any person other than the Company be entitled to succeed to or otherwise obtain any benefits of the Company hereunder without the prior written consent of the Agency, which shall not be unreasonably withheld or delayed.

Section 9 - Miscellaneous.

9.1 This Agreement may be executed in any number of counterparts each of which shall be deemed an original but which together shall constitute a single instrument.

9.2 All notices, claims and other communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or mailed first class, postage prepaid, as follows:

To the Agency:	Cayuga County Industrial Development Agency County Office Building 160 Genesee Street, 5th Floor Auburn, New York 13021 Attn: Stephen F. Lynch, Executive Director
With a copy to:	Harris Beach PLLC 677 Broadway, Suite 101 Albany, New York 12207 Attn: Justin S. Miller, Esq.
To the Company:	The Pleasant T. Rowland, LLC 6120 University Avenue Middleton, Wisconsin 53562 Attn: Pleasant T. Rowland
With copies to:	Hancock & Estabrook, LLP 1500 AXA Tower 1 100 Madison Street Syracuse, New York 13202 Attn: Richard Cook, Esq.

or at such other address as any party may from time to time furnish to the other party by notice given in accordance with the provisions of this Section. All notices shall be deemed given when mailed or personally delivered in the manner provided in this Section.

9.3 This Agreement shall be governed by, and all matters in connection herewith shall be construed and enforced in accordance with, the laws of the State of New York applicable to agreements executed and to be wholly performed therein and the parties hereto hereby agree to submit to the personal jurisdiction of the federal or state courts located in Cayuga County, New York.

9.4 Notwithstanding any other term or condition contained herein, all obligations of the Agency hereunder shall constitute a special obligation payable solely from the revenues and other monies, if any, derived from the Facility and paid to the Agency by the Company. Neither member of the Agency nor any person executing this Agreement on its behalf shall be liable personally under this Agreement. No recourse shall be had for the payment of the principal or interest on amounts due hereunder or for any claim based upon or in respect of any modification of or supplement hereto against any past, present or future member, officer, agent, servant, or employee, as such, of the Agency, or of any successor or political subdivision, either directly or through the Agency or any such successor, all such liability of such members, officer, agents, servants and employees being, to the extent permitted by law, expressly waived and released by the acceptance hereof and as part of the consideration for the execution of this Agreement.

[Signature page to PILOT Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this PILOT Agreement as of the day and year first above written.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: Stephen Lynch
Stephen F. Lynch, Executive Director

THE PLEASANT T. ROWLAND, LLC

By: Pleasant T. Rowland
Pleasant T. Rowland, Sole Member

SCHEDULE A
PILOT AGREEMENT, DATED AS OF AUGUST 6, 2013
CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
THE PLEASANT T. ROWLAND, LLC

"Total PILOT Payment" shall be calculated as follows:

PILOT Year	County/ Town Tax Years	School Tax Year	Village Tax Year	Total Taxable Valuation
Interim	2013	2012-13 n/a	2012-13 n/a	Full Taxes Paid
Interim	2014	2013-14	2013-14 n/a	Full Taxes Paid
Year 1	2015	2014-15	2014-15*	Base Valuation, plus (Added Value x .00)
Year 2	2016	2015-16	2015-16	Base Valuation, plus (Added Value x .10)
Year 3	2017	2016-17	2016-17	Base Valuation, plus (Added Value x .20)
Year 4	2018	2017-18	2017-18	Base Valuation, plus (Added Value x .30)
Year 5	2019	2018-19	2018-19	Base Valuation, plus (Added Value x .40)
Year 6	2020	2019-20	2019-20	Base Valuation, plus (Added Value x .50)
Year 7	2021	2020-21	2020-21	Base Valuation, plus (Added Value x .60)
Year 8	2022	2021-22	2021-22	Base Valuation, plus (Added Value x .70)
Year 9	2023	2022-23	2022-23	Base Valuation, plus (Added Value x .80)
Year 10	2024	2023-24	2023-24	Base Valuation, plus (Added Value x .90)

For the term of this PILOT Agreement, the Company shall continue to 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 ($1,335,000.00). 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 PILOT Year, with such exemption being eliminated in Ten Percent (10.0%) increments on an annual basis. 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
* - Taxable Status of Facility for purposes of Village Tax Year 2014-15 may remain on taxable rolls (based upon March 1, 2013 Taxable Status Date) and therefore full taxes may be required for Village purposes.