

**HARRIS BEACH** PLLC  
ATTORNEYS AT LAW

April 17, 2013

99 GARNSEY ROAD  
PITTSFORD, NY 14534  
(585) 419-8800

**AMY ABBINK**  
PARALEGAL  
DIRECT: (585) 419-8744  
FAX: (585) 419-8817  
AABBINK@HARRISBEACH.COM

To: Assessor and Affected Tax Jurisdiction  
Officials Listed on Schedule A

Re: Cayuga County Industrial Development Agency  
Cayuga Milk Ingredients, LLC Project  
Distribution of PILOT Agreement and Form RP-412-a  
15 Eagle Drive, Town of Aurelius, New York (TMID No. 114.00-3-2.1)

Ladies and Gentlemen:

On behalf of the Cayuga County Industrial Development Agency (the "Agency"), please find enclosed copies of: (i) a certain Payment in Lieu of Taxes Agreement, dated as of April 8, 2013 (the "PILOT Agreement") entered into by the Agency and Cayuga Milk Ingredients, LLC (the "Company"), and (ii) an Form RP-412-a Application for Real Property Tax Exemption.

The enclosed materials are being sent to the Assessor of the Town of Aurelius (the "Town") and the Chief Elected Officials of each taxing jurisdiction within which the above-referenced project is located, which include the Town, the County of Cayuga (the "County") and the Union Springs Central School District (the "School").

**ASSESSOR'S NOTE:** Please note that the Agency sold the subject parcel to the Company pursuant to a Warranty Deed dated as of April 8, 2013, such Warranty Deed retaining an Agency leasehold interest memorialized in a certain Lease Agreement from the Company to the Agency, also dated as of April 8, 2013. The Agency has therefore at all times retained an interest in the subject realty without interruption. We ask that you please retain the subject property on the exempt tax roll (Section 8) in accordance with the provisions of the PILOT Agreement.

Should you have questions, please contact me at (585) 419-8744.

Very truly yours,

Harris Beach PLLC

  
Amy Abbink  
Paralegal

ACA:jw  
Enclosures

cc: Stephen F. Lynch, Agency Executive Director (w/encs. – copies)  
Kevin Ellis, Cayuga Milk Ingredients, LLC (w/encs. – copies)  
Jared Lusk, Esq. (w/encs. – copies)

Cayuga County Legislature  
Attn: Chair  
County Office Building, 6th Floor  
160 Genesee Street  
Auburn, New York 13021

Cayuga County Administrator  
County Office Building, 6th Floor  
160 Genesee Street  
Auburn, New York 13021

Town of Aurelius  
Attn: Supervisor  
Aurelius Town Hall  
1241 West Genesee Street Road  
Auburn, New York 13021

Town of Aurelius  
Attn: Assessor  
Aurelius Town Hall  
1241 West Genesee Street Road  
Auburn, New York 13021

Union Springs Central School District  
Attn: Superintendent  
239 Cayuga Street  
Union Springs, New York 13160

Union Springs Central School District  
Attn: Board of Education President  
239 Cayuga Street  
Union Springs, New York 13160

# Evidence of Mailing Cayuga Milk PILOT Agreement


<b>U.S. Postal Service™</b>											
<b>CERTIFIED MAIL™ RECEIPT</b>											
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>											
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>											
<b>OFFICIAL</b> <i>Abbink</i>											
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Town of Aurelius (ATTN: ASSESSOR)											
Street, Apt. No.; or PO Box No. 1241 W Genesee St Rd											
City, State, ZIP+4® Auburn NY 13021											
PS Form 3800, August 2006 See Reverse for Instructions											

<b>SENDER: COMPLETE THIS SECTION</b> <ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<b>COMPLETE THIS SECTION ON DELIVERY</b>
1. Article Addressed to:  Town of Aurelius Attn: Assessor Aurelius Town Hall 1241 West Genesee Street Road Auburn, New York 13021	A. Signature <i>D Puckney</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee B. Received by (Printed Name) <i>D Puckney</i> <input type="checkbox"/> Date of Delivery D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
2. Article Number: (Transfer from service label)	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
7012 1010 0003 6718 0146	
PS Form 3811, February 2004 Domestic Return Receipt CM1 PILOT 102595-02-M-1540	

#: 258096

# Evidence of Mailing Cayuga Milk PILOT Agreement

<b>U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT</b> <i>(Domestic Mail Only; No Insurance Coverage Provided)</i>											
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>											
<b>OFFICIAL MAIL</b>											
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Total Postage & Fees	\$										
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PS Form 3800, August 2006 <span style="float: right;">See Reverse for Instructions</span>											

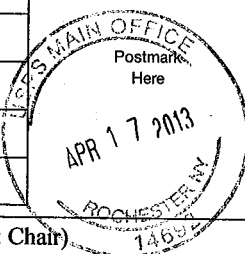
<p><b>SENDER: COMPLETE THIS SECTION</b></p> <ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul> <p>1. Article Addressed to:</p> <p style="text-align: center;">                 Town of Aurelius                  Attn: Supervisor                  Aurelius Town Hall                  1241 West Genesee Street Road                  Auburn, New York 13021             </p> <p>2. Article Number: <i>(Transfer from service label)</i></p>	<p><b>COMPLETE THIS SECTION ON DELIVERY</b></p> <p>A. Signature   <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)                  D. Pincney</p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes                  If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail    <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered        <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail       <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee)    <input type="checkbox"/> Yes</p>
7012 1010 0003 6718 0115	
PS Form 3811, February 2004    Domestic Return Receipt    CMI PILOT    102595-02-M-1540	


# Evidence of Mailing Cayuga Milk PILOT Agreement

<b>U.S. Postal Service™</b> <b>CERTIFIED MAIL™ RECEIPT</b> <i>(Domestic Mail Only; No Insurance Coverage Provided)</i>											
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>											
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Sent to Cayuga County Administrator											
Street, Apt. No., or PO Box No. County Office Bldg, 160 Genesee St, 6 <sup>th</sup> Fl											
City, State, ZIP+4 Auburn NY 13021											
PS Form 3800, August 2006 <span style="float: right;">See Reverse for Instructions</span>											

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7012 1010 0003 6718 0108	
PS Form 3811, February 2004 <span style="float: right;">Domestic Return Receipt CMI PILOT 102595-02-M-1540</span>	

# Evidence of Mailing Cayuga Milk PILOT Agreement

U.S. Postal Service <b>CERTIFIED MAIL RECEIPT</b> <i>(Domestic Mail Only; No Insurance Coverage Provided)</i>											
<b>OFFICIAL</b> <i>Abbink</i>											
<b>7001 2510 0003 3222 5359</b> <i>CMI PILOT</i>	<table border="1"> <tr> <td>Postage</td> <td>\$</td> </tr> <tr> <td>Certified Fee</td> <td></td> </tr> <tr> <td>Return Receipt Fee (Endorsement Required)</td> <td></td> </tr> <tr> <td>Restricted Delivery Fee (Endorsement Required)</td> <td></td> </tr> <tr> <td><b>Total Postage &amp; Fees</b></td> <td>\$</td> </tr> </table>	Postage	\$	Certified Fee		Return Receipt Fee (Endorsement Required)		Restricted Delivery Fee (Endorsement Required)		<b>Total Postage &amp; Fees</b>	\$
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<b>Total Postage &amp; Fees</b>	\$										
											
Sent To: <b>Cayuga County Legislature (ATTN: Chair)</b> Street, Apt. No., or PO Box No. <b>County Office Bldg, 160 Genesee St</b> City, State, ZIP+4 <b>Auburn NY 13021</b>											
PS Form 3800, January 2001 <span style="float: right;">See Reverse for Instructions</span>											

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee
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7001 2510 0003 3222 5359	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
PS Form 3811, February 2004 <span style="margin-left: 100px;">Domestic Return Receipt</span> <span style="margin-left: 50px;">CMI PILOT</span> <span style="float: right;">102595-02-M-1540</span>	



# Evidence of Mailing Cayuga Milk PILOT Agreement

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<b>Total Postage &amp; Fees</b>	<b>\$</b>										
											
Sent To: <b>Union Springs Central School District (ATTN: Superintendent)</b>											
Street, Apt. No., or PO Box No. <b>239 Cayuga Street</b>											
City, State, ZIP+4 <b>Union Springs, NY 13160</b>											
PS Form 3800, August 2006 <span style="float: right;">See Reverse for Instructions</span>											

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1. Article Addressed to:  <b>Union Springs Central School District</b> <b>Attn: Superintendent</b> <b>239 Cayuga Street</b> <b>Union Springs, New York 13160</b>	A. Signature <i>Tom Coleman</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee B. Received by (Printed Name) <b>TOM COLEMAN</b> C. Date of Delivery D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:
2. Article Number <i>(Transfer from service label)</i>	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.
PS Form 3811, February 2004	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes 7012 1010 0003 6718 0153 Domestic Return Receipt <i>CMI PILOT</i> <span style="float: right;">102595-02-M-1540</span>





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 Cayuga County Industrial Development Agency
Street 160 Genesee Street, 5th Floor
City Auburn, New York 13021
Telephone no. Day (315) 253-1276
Evening ( )
Contact Stephen F. Lynch
Title Executive Director

2. OCCUPANT (IF OTHER THAN IDA)

(If more than one occupant attach separate listing)

Name Cayuga Milk Ingredients, LLC
Street 2498 Angling Road
City Aurora, NY 13026
Telephone no. Day (315) 364-0003
Evening ( )
Contact Kevin J. Ellis
Title CEO

3. DESCRIPTION OF PARCEL

- a. Assessment roll description (tax map no./roll year) 114.00-3-2.1
b. Street address 15 Eagle Drive
c. City, Town or Village Town of Aurelius
d. School District Union Springs Central SD
e. County Cayuga
f. Current assessment \$308,400
g. Deed to IDA (date recorded; liber and page) Lease to IDA ( , 2013; L and P )

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

- a. Brief description (include property use) Acquisition of land and the construction of an approx. +/- 106,000 square-foot milk ingredients processing facility
b. Type of construction TBD
c. Square footage +/- 106,000 sf
d. Total cost Approx. \$85,990,455
e. Date construction commenced TBD
f. Projected expiration of exemption (i.e. date when property is no longer possessed, controlled, supervised or under the jurisdiction of IDA) December 31, 2034

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 Please see attached PILOT Agreement dated as of April 8, 2013
b. Projected expiration date of agreement December 31, 2034

c. Municipal corporations to which payments will be made

	Yes	No
County <u>Cayuga</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Town/City <u>Town of Aurelius</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Village <u>N/A</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
School District <u>Union Springs</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

d. Person or entity responsible for payment

Name Cayuga Milk Ingredients, LLC  
 Title Attn: Kevin Ellis, CEO  
 Address 2498 Angling Road  
Aurora, NY 13026

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 (315) 364-0003

No. Occupant owns property and leases to IDA. IDA leases property back to occupant

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: Section 485-b of the New York Real Property Tax Law; assessment roll year: 1978 - Section 874 of GML and Section 412-1 of RPTL

7. A copy of this application, including all attachments, has been mailed or delivered on April 17, 2013 (date) to the chief executive official of each municipality within which the project is located as indicated in Item 3.

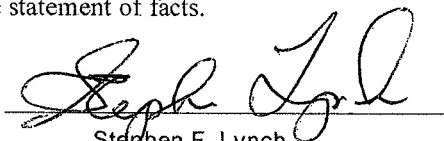
**CERTIFICATION**

I, Stephen F. Lynch, Executive Director of \_\_\_\_\_

Name Title  
Cayuga County Industrial Development Agency hereby certify that the information  
Organization

on this application and accompanying papers constitutes a true statement of facts.

Date: April 8, 2013

  
Stephen F. Lynch

**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

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**AND**

**CAYUGA MILK INGREDIENTS, LLC**

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**PAYMENT IN-LIEU-OF-TAX AGREEMENT**

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**Address and TMID Nos.:**  
**15 Eagle Drive, Aurelius, Cayuga County, New York**  
**24.873 acre parcel**  
**TMID No. 114.00-3-2.1**

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**Dated as April 8, 2013**

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**Affected Tax Jurisdictions:**

**Cayuga County**  
**Town of Aurelius**  
**Union Springs Central School District**

## PAYMENT IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT IN-LIEU-OF TAX AGREEMENT, dated as of April 8, 2013 (the "PILOT Agreement"), 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 (the "State") with offices at the County Office Building, 160 Genesee Street, 5th Floor, Auburn, New York 13021 (the "Agency") and CAYUGA MILK INGREDIENTS, LLC, a domestic limited liability company duly formed and validly existing under the laws of the State of New York with offices at 2498 Angling Road, Aurora, New York 13026 (the "Company").

### WITNESSETH:

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 ("GML") 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, CAYUGA MARKETING, L.L.C., for itself or on behalf of an entity to be formed (herein, the "Company"), previously submitted an application (the "Application") to the Agency requesting that the Agency consider undertaking a Project (the "Project") consisting of (A) the sale or lease by the Agency to CAYUGA MILK INGREDIENTS, LLC (hereinafter, the "Company") of an approximately 25-acre parcel of land located off Eagle Drive within the Agency-owned Cayuga County Industrial Park (the "Park"), Town of Aurelius, Cayuga County, New York (the "Land", being all or portions of former TMID Nos. 114.00-3-2, 114.00-3-3, 114.00-3-06 and 114.00-3-7, as merged and identified as new TMID No. 114.00-3-2.1, as further defined herein); (B) the planning, design, construction and operation on the Land by the Company of an approximately 108,000 square-foot dairy ingredients processing facility (the "Improvements"); (C) the acquisition and installation in and around the Improvements of certain machinery, equipment and other items of tangible personal property (the "Equipment"); (D) the planning, design, construction and operation on the Land by the Company of certain wastewater treatment and solid waste disposal building improvements and related equipment to serve the Improvements (the "Treatment Facility", and collectively with the Land, Improvements and the Equipment, the "Facility"); (E) at the election of the Company, the issuance by the Agency of its Exempt Facility Revenue Bonds (Cayuga Milk Ingredients, LLC Project) in a principal amount not to exceed \$30,000,000 (the "Bonds") for the purpose of financing the Treatment Facility in accordance with applicable provisions of the Internal Revenue Code (the "Code") relating to sewer treatment and solid waste disposal; (F) paying certain costs and expenses incidental to the issuance of the Bonds and/or establishment of debt service reserve funds (the costs associated with item (D) above being hereinafter collectively referred to as the "Treatment Facility Costs"); and (G) the lease (with an obligation to purchase) or sale of the Agency's interest in the Facility back to the Company; and

WHEREAS, in order to induce the Company to acquire, construct and equip the Facility, the Agency is willing to retain a leasehold interest in the Land included within the Facility pursuant to a certain Lease Agreement, dated as of the date hereof (the "Lease Agreement"), and lease said Land, along with the Improvements, Equipment and other personal property

constituting the Facility back to the Company pursuant to the terms and conditions of a certain Leaseback Agreement, also dated as of 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 Aurelius (the "Town"), and the Union Springs Central School District (hereinafter the "School District" or "School" and, collectively with the County and Town, 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 I - Payment in lieu of Ad Valorem Taxes:

Section 1.1 A. Acquisition of Land; Prior Exemption Continued. Prior to the date hereof, the Land was owned by the Agency and has been exempt from Real Estate Taxes (as defined herein). As of the date hereof, the Agency has transferred fee title to the Land to the Company pursuant to a certain Warranty Deed (the "Warranty Deed"), such Warranty Deed reserving unto the Agency a retained leasehold interest, as memorialized within the Lease Agreement. The Agency's retained leasehold interest within the Warranty Deed and Lease Agreement shall have the effect of continuing and maintaining the exempt status (Section Roll 8) of the Land for purposes of current tax years, including (i) 2013 Town and County and 2012-2013 School tax years, and (ii) prospectively, 2014 Town and County and 2013-2014 School tax years.

B. Subject to the completion and filing by the taxable status date of **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 receipt of the Exemption Application by the appropriate assessors, the Facility shall be exempt from Real Estate Taxes commencing with the 2015 Town and County tax years and the 2014-15 School tax year. For purposes of the foregoing "Real Estate Taxes" means all general levy real estate taxes levied against the Facility by the County, Town and School District. The Company shall provide 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 to process 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 any 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 by the Taxable Status Date.

C. Payee. As long as the Facility is owned by the Agency or under its jurisdiction, control or supervision, the Company agrees to pay annually to the Agency, on behalf of the Affected Tax Jurisdictions, as a payment in-lieu-of-taxes, on or before February 1 of each year during the term hereof (each a “Payment Date”), commencing on February 1, 2014 an amount equal to the Total PILOT payment (the “Total PILOT Payment”) as described on Schedule A attached hereto. The Agency shall submit and invoice to the Company on or before January 1 of each PILOT Year covered by this Agreement for the Total PILOT Payment due for such PILOT Year (each a “PILOT Invoice”), however, the Company shall timely pay all Total PILOT Payments on or before February 1 in each PILOT Year even in the absence of transmittal and/or receipt of a PILOT Invoice. Each PILOT Invoice will identify the Total PILOT Payment, with a separate statement of the amount of any Supplemental PILOT Payment or Future Addition PILOT Payment, if applicable.

The Total PILOT Payment amounts set forth within Schedule A, attached hereto, shall include certain supplemental PILOT Payments (herein, “Supplemental PILOT Payments”), as defined herein and within Schedule A, attached hereto. The parties hereto acknowledge and agree that the fixed schedule of annual PILOT Payments provided herein takes into account and reflects estimated costs to be incurred by the Company in connection with the construction and installation by New York State Electric & Gas Corporation (“NYSEG”) of certain electrical service infrastructure to serve the Facility and Park (collectively herein, the “NYSEG Project”). As defined in greater detail within Schedule A, attached hereto, the Company shall pay certain Supplemental PILOT Payments reflective of the actual costs of the NYSEG Project paid by the Company (the “NYSEG Project Costs”), less any refunds or adjustments received by the Company from NYSEG or its successors or assigns in connection with additional projects and/or facilities constructed within the Park and/or that utilize the NYSEG Project for electrical service (collectively, the “NYSEG Adjustments”). The Supplemental PILOT Payments shall be paid by the Company to the Agency as a component of Total PILOT Payments within PILOT years 9 through 20, as specified within Schedule A, attached hereto. The Company shall provide the Agency with copies of all agreements entered into with NYSEG within ten (10) days of execution thereof, and shall further provide the Agency with certified cost documentation relating to NYSEG Project Costs on or before December 31, 2014. The Company shall provide the Agency with certified refund documentation relating to NYSEG Adjustments annually on or before December 31 in PILOT Years 1 through 8, and a cumulative total of NYSEG Adjustments on or before December 31, 2022. On or before January 15, 2023, the Agency shall provide the Company with a statement reflecting a schedule of all Supplemental PILOT Payments to be paid by the Company within PILOT years 9 through 20.

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. In accordance with Section 874 of the Act, the Agency shall remit to the Affected Tax Jurisdictions amounts received hereunder 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. The Company shall have no obligation to ensure appropriate distributions of any Total PILOT Payment (including any applicable penalties or interest to the extent paid late) to the Affected Tax Jurisdictions by the Agency and shall be deemed released from any further obligations for timely distribution of any such payments made by the Company to the Agency.

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, 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 School District purposes, the tax rates used to determine the PILOT payment shall be the rate relating to the school year which includes the PILOT payment due date.

1.4 Valuation of and PILOT Payments for 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 (apart from the Project described herein), 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. Unless otherwise incorporated as an amendment hereto or through a supplemental PILOT Agreement entered into by the Agency upon application by the Company, beginning with the first PILOT Year after March 1 following 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 payments in lieu of taxes related to such Future Addition ("Future Addition PILOT Payment") which shall be separate and apart from the Total PILOT Payment and which shall be equal each year to the assessment of such Future Addition by the Town Assessor(s) less any applicable exemption other than the Agency's exemption, multiplied by the then current tax rates of the Affected Tax Jurisdictions. PILOT Invoices shall reflect any Future Addition PILOT Payments. The applicable assessor 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 Assessor, the Company may challenge such assessment in accordance with Article IV hereof. Notwithstanding any disagreement between the Company and the assessor, the Company shall pay the Future Addition PILOT Payment as a component of Total PILOT payment until a different Future Addition PILOT Payment shall be established. If a lesser Future Addition PILOT Payment is determined in any proceeding or by subsequent agreement of the parties, the Future Addition 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 Future Addition PILOT Payment(s).

1.5 Period of Benefits. The tax benefits provided for herein should be deemed to include (i) the 2013 County and Town tax years through the 2034 County and Town tax years;

and (ii) the 2012-13 School tax year through the 2033-34 School tax year. This PILOT Agreement shall expire on December 31, 2034 (but in all events shall be co-terminus with the Leaseback Agreement); provided, however, the Company shall pay the 2035 County and Town tax bills and the 2034-2035 School tax bill 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 in addition or supplement to those provided herein, or 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 RPTL Sections 485-b and 485-e. 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. Notwithstanding the foregoing, the Company may file for and pursue any tax or assessment exemptions on any Future Addition, any tax or assessment exemptions relating to or controlling any Special District Charges (as defined below), and may also file for exemptions pursuant to RPTL §477 and §477-a, provided, however, that the granting of exemption pursuant to RPTL §477 and §477-a shall not reduce, affect or change the Total PILOT Payments payable each PILOT Year as set forth within **Schedule A**, hereto.

## Section II - Special District Charges, Special Assessments, and other charges.

2.1 Special district charges, special assessments, and special ad valorem levies (specifically including but not limited to any fire district charges or “curb charges”), applicable pure water charges, and all sewer charges (all of the foregoing, collectively, “Special District Charges”) are to be paid in full by the Company to the applicable Affected Tax Jurisdiction and/or applicable special district in accordance with normal billing practices.

## Section III - Transfer of Facility.

3.1 In the event that the Facility is transferred from the Agency to the Company (the Lease Agreement and Leaseback Agreement are terminated, and herein, a “Transfer”), 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 provisions of RPTL Sections 302 and 520 shall be deemed to apply, and the Company agrees to pay to each of the Affected Tax Jurisdictions no later than (i) the next tax levy date (plus any applicable grace period), or (ii) the date required pursuant to any invoice issued pursuant to RPTL Section 520, 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.

3.2 Credit/Refund for Prepaid PILOT Payments. Notwithstanding the foregoing, the Company has the right to request that any Affected Tax Jurisdiction deduct from such property tax amounts payable pursuant to Section 3.1 hereof or as otherwise required by law, any Total



PILOT Payments previously paid pursuant to this Agreement by the Company relating to any period of time after the date of the Transfer.

Section IV - 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 or any Future Addition, with respect to any proposed assessment or change in assessment with respect to the Facility or any Future Addition 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 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, as if and to the same extent as if the Company were the owner of the Facility or any Future Addition. In the event it is determined or agreed that any such assessment should be reduced and the Company is entitled to a refund for any PILOT Payments made with respect to any Future Addition or in connection with the School tax bill for 2034-2035 payable in accordance with Section 1.5 hereof, such refund shall be deemed to be and treated as a refund of taxes, including interest thereon, under RPTL Section 726 or other applicable law and shall be paid by the Affected Tax Jurisdictions, as applicable. In the event any Affected Tax Jurisdiction improperly fails to pay a refund as contemplated herein for any Future Addition PILOT Payment, the Company may deduct the amount of such refund, together with applicable interest thereon, from the next Future Addition PILOT Payment due to the Agency or for such Affected Tax Jurisdiction hereunder, or pursue any other remedy available to the Company at law or in equity.

4.2 Notwithstanding the foregoing, the Company's rights reserved pursuant to Section 4.1, above, shall be limited during the term hereof to challenging any assessed value of (i) the Facility as same relates the imposition and payment of Special District Charges, as defined herein, the School tax bill for 2034-2035 payable in accordance with Section 1.5 hereof, and of Real Estate Taxes which may be levied after the expiration or termination of the term hereof, and (ii) any Future Addition, as the same relates to any Real Estate Taxes, PILOT Payments, Special District Charges or other charges or impositions, and the Company hereby agrees that an assessment challenge or other revision to the assessed value of the Facility will not affect or change the amount of Total PILOT Payment (including any Supplemental PILOT Payment) payable by the Company to the Agency as set forth within **Schedule A**, hereto.

4.3 The Company shall (i) use reasonable efforts to cause the appropriate real estate tax assessment office and tax levy officers to assess any Future Addition and apply tax rates to the respective assessments as if the Future Addition 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 V - Changes in Law.

5.1 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 VI - Events of Default.

6.1 The following shall constitute "Events of Default" hereunder. The failure by the Company to: (i) make the payments described in Section I within the later of (a) Thirty (30) days of the Payment Date or (b) Ten (10) days after written notice by the Agency or any Affected Tax Jurisdiction to the Company of failure to timely pay any PILOT Payment by the applicable 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; (iii) the occurrence and continuance of any events of default under the Leaseback Agreement after the expiration of any applicable cure periods; or (iv) failure by the Company to timely provide the Agency with certified cost and refund documentation relating to NYSEG Project Costs or NYSEG Adjusted Project Costs. 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 GML Section 874(6) 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.

6.2 If payments pursuant to Section I herein are not made by the Delinquency Date, 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 6.1 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 VII - Assignment.

7.1 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 as applicable

and in accordance with Section 6.3 of the Leaseback Agreement, which shall not be unreasonably withheld or delayed. The assignment, mortgage, collateral assignment, or grant of security interest in all or any part of Agency's interests in the Facility, including the Company's rights and obligations pursuant to this Agreement, or any part or parts thereof, in connection with the Company's financing of the Facility, shall be governed pursuant to Section 6.1 of the Leaseback Agreement. In connection with any such assignment, mortgage, collateral assignment or grant of security interest, the Agency agrees to execute an estoppel certificate regarding the status of this Agreement, and such further documents as are reasonably requested by any person providing debt, equity, or other financing for the Facility. Other than by operation of law in accordance with the Act, the Agency shall not assign or cause the assignment of this Agreement to any other party.

Section VIII - Miscellaneous.

8.1 Counterparts. 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.

8.2 Notices. 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 copies to: Harris Beach PLLC  
677 Broadway, Suite 1101  
Albany, New York 12207  
Attn: Justin S. Miller, Esq.

To the Company: Cayuga Milk Ingredients, LLC  
2498 Angling Road  
Aurora, New York 13026  
Attn: Kevin J. Ellis, Chief Executive Officer

And to: Cayuga Milk Ingredients, LLC  
15 Eagle Drive  
Auburn, New York 13021  
Attn: Controller

With copies to: Nixon Peabody LLP  
1300 Clinton Square  
Rochester, New York 14604  
Attn: Jared C. Lusk, 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.

8.3 **Applicable Law.** 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.

8.4 **No Recourse.** 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.

8.5 **Agency Financial Assistance Recapture Provisions.** In accordance with the Agency's Uniform Tax Exemption Policy, as amended March 18, 2003 (the "UTEP"), and notwithstanding anything contained herein to the contrary, the Agency, at its sole discretion and on a case-by-case basis, may determine during the term hereof, (but shall not be required to do so) that the Project has failed to meet its intended capital investment and job creation goals as detailed within the Application for Financial Assistance submitted by the Company to the Agency, dated December 2, 2011 (the "Application"), or failed to cause the Facility to be constructed, as described herein, and to require the Company to agree to the recapture by the Agency of the value of any or all exemptions from taxation granted with respect to the project by virtue of the Agency's involvement. Events that the Agency may determine will trigger recapture (each a "Recapture Event") may include, but not limited to (i) closure of the Facility; (ii) Significant employment reduction, which shall mean an employment reduction of 30% Full Time Equivalents ("FTEs") or more over a continuous 3-year period after commencement of operations of the Facility by the Company below the 52 FTEs identified in the Application; (iii) Significant change in use in facility, which shall mean a change in use of the Facility from its intended use as a milk processing and/or distribution facility, or such other use as may be consented to by the Agency in writing; (iv) Significant change in business activities or project applicant or operator, which shall mean a change in the business activities from the intended use of the Facility as a milk processing and/or distribution facility, or such other use as may be consented to by the Agency in writing; or (v) Material noncompliance with or breach of terms of Agency transaction documents (including any Event of Default as defined herein or within the Leaseback Agreement) or of zoning or land use laws or regulations or federal, state or local environmental laws or regulations. If the Agency determines to provide for the recapture with

respect to a particular project, the Agency also shall, in its sole discretion and on a case-by-case basis, determine the timing and percentage of recapture. The Agency shall notify the Company in writing within thirty (30) days of any such Recapture Event and/or Event of Default of its intent to recapture any financial assistance provided by the Agency to the Company, including PILOT Benefits (or any portion thereof, and collectively, a "Recapture"), and in accordance with the UTEP, the Company will be afforded a hearing at which the Company will be provided with an opportunity to provide a valid explanation for the Recapture Event. Following said hearing, and upon the Agency's final determination for a Recapture, the Company agrees to pay same within thirty (30) days of demand therefor. In all events, a Recapture by the Agency shall be limited to the amount of tax exemptions from taxation granted with respect to the Project by virtue of the Agency's involvement realized by the Company in the Five (5) years prior to the Recapture Event.

8.6 Consents to be Reasonable. Any approval, consent, opinion or judgment of the parties hereto provided for herein shall not be unreasonably withheld, conditioned or delayed, except as may be specifically provided for otherwise herein.

8.7 Successors and Assigns. This Agreement shall inure to the benefit of, and shall be binding upon the parties hereto and their respective successors and assigns as permitted hereunder and within the Leaseback Agreement.

8.8 Severability. If any article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent, and the remainder of this Agreement shall be and remain in full force and effect and shall not be invalidated or rendered illegal or unenforceable or otherwise affected by such holding or adjudication.

8.9 Section Headings Not Controlling. The headings of the several Sections in this Agreement have been prepared for convenience of reference only and shall not control or affect the meaning of or be taken as an interpretation of any provision of this Agreement.

8.10 No Waiver. In the event any agreement herein should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

8.11 Amendment. This Agreement may not be amended, changed, modified or altered except in writing executed by the parties hereto.

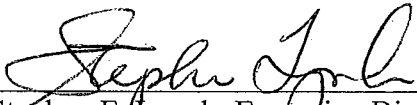
8.12 Complete Agreement. Unless supplemented or otherwise amended in writing by the Company and the Agency in accordance with the laws of the State of New York, this Agreement constitutes the parties' entire agreement with respect to the subject set forth herein except as may be provided for in the Leaseback Agreement and no other agreements or policies, written or unwritten, implied or express, will be deemed effective.

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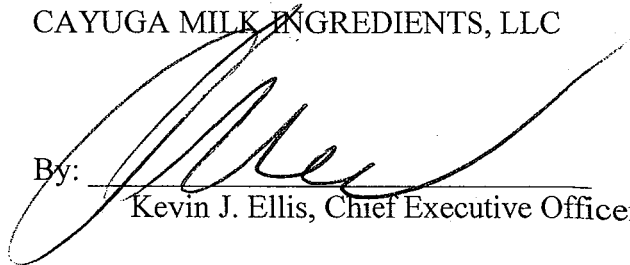
[Signature Page to PILOT Agreement]

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 F. Lynch, Executive Director

CAYUGA MILK INGREDIENTS, LLC

By:   
Kevin J. Ellis, Chief Executive Officer

**SCHEDULE A**  
**TO PILOT AGREEMENT DATED AS OF APRIL 8, 2013**  
**BY AND BETWEEN THE**  
**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY AND**  
**CAYUGA MILK INGREDIENTS, LLC**

“Total PILOT Payment” shall be calculated as follows:

Year	PILOT Year	Town/ County Tax Year	School Tax Year	Total PILOT Payment
2013	Interim	2013	2012-2013	\$13,189.00 Pro-rated on Closing Date
2014	Interim	2014	2013-2014	\$13,453.00
2015	1	2015	2014-2015	\$13,722.00
2016	2	2016	2015-2016	\$13,996.00
2017	3	2017	2016-2017	\$14,276.00
2018	4	2018	2017-2018	\$55,142.00
2019	5	2019	2018-2019	\$76,809.00
2020	6	2020	2019-2020	\$77,909.00
2021	7	2021	2020-2021	\$82,593.00
2022	8	2022	2021-2022	\$84,540.00
2023	9	2023	2022-2023	\$131,726.00, plus Supplemental PILOT Payment
2024	10	2024	2023-2024	\$134,553.00, plus Supplemental PILOT Payment
2025	11	2025	2024-2025	\$137,410.00, plus Supplemental PILOT Payment
2026	12	2026	2025-2026	\$208,046.00, plus Supplemental PILOT Payment
2027	13	2027	2026-2027	\$231,827.00, plus Supplemental PILOT Payment
2028	14	2028	2027-2028	\$235,648.00, plus Supplemental PILOT Payment
2029	15	2029	2028-2029	\$309,862.00, plus Supplemental PILOT Payment
2030	16	2030	2029-2030	\$334,651.00, plus Supplemental PILOT Payment
2031	17	2031	2030-2031	\$411,622.00, plus Supplemental PILOT Payment
2032	18	2032	2031-2032	\$510,449.00, plus Supplemental PILOT Payment
2033	19	2033	2032-2033	\$601,161.00, plus Supplemental PILOT Payment
2034	20	2034	2033-2034	\$763,784.00, plus Supplemental PILOT Payment

Total PILOT Payment shall be paid on or before February 1 of each PILOT Year.

The Company shall make certain Supplemental PILOT Payments in addition to the Total PILOT Payment amount as set forth within PILOT Years 9 through 20, above. In accordance with Article I, Section 1.1 of the PILOT Agreement, the Company shall pay certain Supplemental PILOT Payments reflective of the actual costs of the NYSEG Project paid by the Company (the “NYSEG Project Costs”), less any refunds or adjustments received by the Company from NYSEG or its successors or assigns in connection with additional projects and/or facilities constructed within the Park and/or that utilize the NYSEG Project for electrical service (collectively, the “NYSEG Adjustments”).

The total amount of Supplemental PILOT Payments to be paid by the Company to the Agency as a portion of Total PILOT Payment within PILOT Years 9 through 20 shall be calculated as follows:

Total Supplemental PILOT Payments shall be equal to (i) the difference between the sum of \$2,000,000.00 and the NYSEG Project Costs, plus (ii) the NYSEG Adjustments. If the NYSEG Project Costs are greater than \$2,000,000.00, then (i) above shall be equal to \$0.00.

The Total Supplemental PILOT Payment amount shall be paid by the Company to the Agency as a component of the Total PILOT Payment in Twelve (12) equal installments in each of PILOT Years 9 through 20.

By way of example, if the NYSEG Project Costs equal \$1,500,000.00, then (i) above would be equal to \$500,000.00. If the NYSEG Adjustments equal \$750,000.00, then the Total Supplemental PILOT Payments would be \$500,000.00, plus \$750,000.00, or \$1,250,000.00 in Total Supplemental PILOT Payments. Utilizing this example, the Company would pay a Supplemental PILOT Payment in the amount of \$104,166.66 in each of PILOT Years 9 through 20, which would be added each PILOT Year to the Total PILOT Payment amount reflected in the chart above.