

## PAYMENT IN LIEU OF TAXES AGREEMENT

**THIS PAYMENT IN LIEU OF TAXES AGREEMENT** (this "Agreement") is made as of the 25th day of March, 2011 by and between **SKF USA INC.**, a corporation organized and existing under the laws of the State of Delaware and qualified to do business in the State of New York as a foreign corporation, having an address at One Maroco Road, P.O. Box 263, Falconer, NY 14733 (the "Lessee"), and the **COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**, a corporate government agency constituting a body corporate and politic and a public benefit corporation of the State of New York having an address at 200 Harrison Street, Jamestown, New York 14701 (the "Agency").

### WITNESSETH:

**WHEREAS**, the New York State Industrial Development Agency Act, constituting Title I of Article 18-A of the General Municipal Law of the State of New York, Chapter 24 of the Consolidated Laws of the State of New York, as amended (the "Enabling Act") authorizes and provides for the creation of industrial development agencies in the several counties, cities, villages and towns in the State of New York and empowers such agencies, among other things, to acquire, expand, construct, reconstruct, lease, improve, maintain, equip, furnish, and dispose of one or more projects for the purpose of promoting, developing, encouraging, and assisting in the acquisition, expansion, construction, reconstruction, improvement, maintaining, equipping, and furnishing of industrial, manufacturing, warehousing, commercial, research, and recreational facilities, and thereby advance the job opportunities, general prosperity, and economic welfare of the people of the State of New York;

**WHEREAS**, pursuant to and in accordance with the provisions of the Enabling Act and Chapter 71 of the 1972 Laws of New York, as amended (together with the Enabling Act, hereinafter referred to as the "Act"), the Agency, which has been created and established pursuant thereto for the benefit of the County of Chautauqua, proposes to undertake the Project described below;

**WHEREAS**, the Agency on behalf of Lessee intends to (i) acquire certain land more particularly described on Schedule A hereto (the "Land"); (ii) construct certain improvements on the Land (the "Improvements"); and (iii) acquire the equipment more particularly described on Exhibit A to the Lease (as hereinafter defined) (the "Equipment") (the Land, Improvements and Equipment are hereinafter collectively referred to as the "Project");

**WHEREAS**, the Agency is or will be the owner in fee simple of the Land and the Improvements (collectively, the "Facility");

**WHEREAS**, the Agency proposes to undertake the Project as an authorized project under the Act and to lease the interest of the Agency to Lessee pursuant to an Agency Lease Agreement dated as of the date hereof entered into between the Agency, as lessor, and Lessee, as lessee (as amended, modified, restated or replaced from time to time, the "Lease"); and

**WHEREAS**, under the present provisions of the Act and under the present Section 412-a of the Real Property Tax Law of the State of New York, the Agency is required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction or supervision or under its control.

**NOW, THEREFORE**, in consideration of the premises and the payments, agreements, and covenants hereinafter contained, Lessee and the Agency formally covenant and agree as follows:

Section 1. Tax-Exempt Status of Facility.

(a) Application. Lessee shall complete, and the Agency shall file, an application for tax exemption pursuant to Section 412-a of the Real Property Tax Law. Such application shall be filed with the assessor of each of the various taxing entities having jurisdiction over the Facility (such taxing entities, and any successors thereto, being hereinafter collectively referred to as the "Taxing Entities" and individually, as a "Taxing Entity"). The Facility shall not be entitled to exempt status on the tax rolls of any Taxing Entity until the first tax year of such Taxing Entity following the taxable status date of such Taxing Entity occurring subsequent to the Agency becoming the owner of record of the Facility, the filing by the Agency of the appropriate applications for tax exemption, and the acceptance of such applications by the appropriate tax assessors.

(b) Completion Date/Assessment. The Completion Date of the Project shall be the date on which (i) the Project is substantially completed in accordance with the requirements of the Lease, and (ii) a certificate of occupancy has been issued. Lessee estimates that the Completion Date will be December 31, 2011 ("Estimated Completion Date"). Lessee shall establish the Completion Date, which shall be no later than February 29, 2012.

(c) Special Assessments. The parties hereto understand that the tax exemption extended to the Agency by Section 874 of the General Municipal Law and Section 412-a of the Real Property Tax Law does not entitle the Agency to exemption from special assessments and special ad valorem levies. Pursuant to the Lease, Lessee will be required to pay all special assessments and special ad valorem levies lawfully levied and/or assessed against the Facility.

(d) Other Charges. If any taxes, assessments, service charges or other governmental charges become payable by the Agency or Lessee on the rents under the Lease or the occupancy of or any interest of the Agency or Lessee in the Facility or any part thereof or any personal property used in connection with the business conducted and located therein, the amount of any tax, assessment or charges shall be paid by Lessee. Furthermore, water charges, sewer rentals, sewage treatment charges, solid waste charges and any other charges in the nature of utility charges shall be paid directly by Lessee and shall not be credited against nor affect in any manner any payment in lieu of general real estate taxes in any year and shall be computed pursuant to the formula adopted by the relevant Taxing Entity.

## Section 2. Payments.

(a) Tax Payments. Prior to the Facility becoming entitled to exempt status as set forth in Section 1(a) above, the applicable real estate tax levies on the Facility shall be payable in full by Lessee to the applicable Taxing Entity.

(b) Pilot Payments During Improvement. After the Facility becomes entitled to exempt status until the last day of the tax fiscal year of the applicable Taxing Entity in which the Completion Date occurs, Lessee shall pay to the Agency at its address set forth in the heading of this Agreement, for the account and benefit of each Taxing Entity, payments in lieu of the general real estate tax levies on the Facility ("PILOT Payments") in an amount equal to the amount of the tax levies which would be payable if the Facility were listed on the assessment rolls as fully taxable.

(c) Pilot Payments after Completion of Improvement. Commencing with the first tax year for the applicable Taxing Entity following the Completion Date, Lessee shall pay to the Agency for the account and benefit of each Taxing Entity during the "Term of the PILOT" (as hereinafter defined), for each Taxing Entity, PILOT Payments in the amounts provided for under Schedule B attached hereto. The "Term of the PILOT" shall be the period of time from the first day of the first tax fiscal year of the applicable Taxing Entity following the Completion Date until the last day of the tax fiscal year of the applicable Taxing Entity following fifteen (15) annual PILOT Payments to such Taxing Entity. If the Term of the PILOT for any Taxing Entity shall have expired while the Term of the PILOT for any other Taxing Entity shall not have expired, Lessee shall pay to the Agency, until the termination of this Agreement, PILOT Payments in an amount equal to the amount of the tax levies which would be payable to such Taxing Entity if the Facility was listed on the assessment rolls as fully taxable.

Thereafter, and through the end of the Term of the PILOT with respect to the Facility, the payments would be equal to the real property taxes that would be payable as if the Facility were listed on the assessment rolls as fully taxable property and subject to taxation at its then current, full assessed value, as the same may be reassessed from time to time, and subject to tax rate increases imposed by the affected tax jurisdictions.

(d) Maximum Payment. Notwithstanding anything to the contrary herein, the PILOT Payments under Section 2(c) above shall not exceed the amount Lessee would pay under normal calculations for any period. Hence, if the general real estate tax due (calculated as if Lessee were the record owner of the Facility, and the Facility were assessed at full value for purposes of taxation) otherwise due any Taxing Entity decreases due to a reduction in tax rates or otherwise below the PILOT Payments specified in Section 2(c) above, then the PILOT Payments due that Taxing Entity shall be decreased to equal the tax that would otherwise be due. If, however, a PILOT Payment has been so reduced, and the taxes that would otherwise be due subsequently increase, the PILOT Payment shall similarly increase, but not in excess of the amount specified in Section 2(c) above.

(e) Payments to Agency. All PILOT Payments shall be made by Lessee directly to the Agency promptly upon receipt of billings from the Agency. It is understood that the Agency shall receive the PILOT Payments in trust for each of the Taxing Entities, and the Agency shall forward such payments to each such Taxing Entity within thirty (30) days after receipt thereof.

(f) Due Dates; Interest; and Penalties. The Agency will bill Lessee for the respective PILOT Payments as if the Facility were on the tax rolls at the time when taxes for each Taxing Entity are due. All payments are net if paid on or before the due dates listed below. If any PILOT Payment is not made on or before the due date, such payment shall be delinquent and Lessee shall pay, for the benefit of the applicable Taxing Entity, a late charge equal to five percent (5%) of the payment. For each month, or part thereof, that the payment is delinquent beyond the first month, Lessee shall pay an additional late charge equal to one percent (1%) per month of the total amount payable.

As of the date of this Agreement, the due dates for the PILOT Payments are as follows:

County and Town Taxes:	January 30th
Village Taxes:	June 30th
School Taxes:	September 30th

(g) Partial Sale; Transferee's Obligation; Apportionment of Reduction to Local Taxing Entities. During the term of this Agreement, in the event that any portion of the Land or the Improvements located thereon is sold or disposed of by the Agency, the transferees thereof will thereafter pay the real property taxes on such Improvements as may be located on the portion of the Land sold and on the portion of the Land sold as may be required by applicable law.

(h) Sale; Lessee's Obligation. In the event that the Agency sells the Facility to any party other than Lessee in accordance with the terms of the Lease, Lessee's obligation for PILOT Payments shall be prorated to the date of the closing of the transaction and thereupon all obligations of Lessee for PILOT Payments shall cease, but the Agency shall take such steps with the purchaser other than Lessee to assure that each of the Taxing Entities shall suffer no loss of revenue until such Facility can be placed back on the tax rolls and taxes levied and billed therefor.

Section 3. Jobs. Lessee covenants and agrees that it shall (i) maintain its current level of employment in the State of New York as set forth in the Application (i.e., 608 full-time equivalent, private sector jobs) throughout the term of this Lease, and (ii) create at least forty (40) new, full-time equivalent, private sector jobs in the County of Chautauqua within two (2) years after the Estimated Completion Date and maintain such jobs throughout the term of the Lease, and (iii) create at least an additional fifty (50) new, full-time equivalent, private sector jobs in the County of Chautauqua within three (3) years after the Estimated Completion Date and maintain such jobs throughout the term of the Lease; provided, however, that Lessee shall not be deemed to be in default of its obligations under this Section 3 unless the actual number of

employees is less than seventy percent (70%) of the required level set forth in clause (i), (ii) or (iii) above, as applicable, when required (collectively, the “Minimum Employment Requirement”). Lessee agrees to deliver to the Agency on each annual anniversary of the Estimated Completion Date a written report describing its compliance or noncompliance with the provisions of this Section 3 and to permit the Agency to audit the books and records of Lessee supporting such report.

Section 4. Effective Date; Duration of Agreement. This Agreement shall become effective upon the delivery of the Lease by Lessee and the Agency and shall continue in effect until the earlier of (i) last day prior to the taxable status date following the final tax fiscal year of a Taxing Entity in which a PILOT Payment is or would be payable pursuant to Section 2(c) above, or (ii) the date on which title to the Facility is conveyed to Lessee pursuant to the Lease or this Agreement.

Section 5. Events of Default. The following shall constitute “Events of Default” under this Agreement:

(a) failure by Lessee to make any payment specified herein and the continuance of such failure for a period of ten (10) days following written notice from the Agency or any Taxing Entity;

(b) failure by Lessee to comply with or perform any provision of this Agreement other than the payment provisions hereof and the continuance of such failure for a period of thirty (30) days following written notice thereof;

(c) failure by Lessee to establish the Completion Date which date shall not be more than thirty (30) days following the Estimated Completion Date;

(d) failure of Lessee to maintain the Minimum Employment Requirement at any time during the term of the Lease; and/or

(d) default in the terms of any agreement entered into between the Agency and Lessee (beyond any applicable grace period).

Upon the occurrence and continuance of an Event of Default hereunder, Lessee shall be required to make payments in lieu of general real estate taxes levied by the Taxing Entities on the Facility if it were owned by Lessee and the Agency held no interest therein, such amounts to commence to be paid for the period subsequent to the date it is determined by the Agency that there is an Event of Default hereunder. In such event, the tax rate, interest and penalties shall be those then in effect in the jurisdiction(s) in which the Facility is located.

Upon the occurrence and continuance of an Event of Default hereunder, the Agency shall be entitled to sue to enforce any provision of this Agreement and to recover the payments in default from Lessee, together with all the costs and expenses of the Agency, its successors or assigns, paid or incurred in such recovery (including court costs and attorney’s fees and expenses) and interest at the rate specified in Section 2(f) above. In addition, the Agency

shall have the right to reconvey the Facility to Lessee at any time, and Lessee shall accept any such tender of reconveyance.

The Agency, in enforcing payment by Lessee of said amounts, may take whatever action and exercise any or all of the rights and remedies specified in this Agreement or any other remedy provided by law.

Each and every Event of Default shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises. Lessee irrevocably agrees that any suit, action, or other legal proceeding arising out of this Agreement may be brought in the courts of record of the State of New York, or the courts of the United States located within the State of New York, consents to the jurisdiction of each such court in any such suit, action, or proceeding, and waives any objection which it may have to the laying of the venue of any such suit, action, or proceeding in any of such courts.

No delay or omission in exercising any right or power accruing upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient by the Agency.

In no event shall the Agency be liable to any of the Taxing Entities for the payments specified herein, whether or not Lessee makes such payments. Lessee hereby agrees to indemnify, defend (with counsel selected by the Agency) and hold harmless the Agency from and against any such liability for such payments and against all penalties, interest, and other charges resulting from the delinquency of such payments.

Section 6. Covenants by the Agency. The Agency covenants that, unless otherwise required by law, the Agency will not enact or adopt any laws, ordinances, rules, or regulations imposing any taxes, assessments, or other charges of payments on the Project or Lessee's leasehold interest or personal property therein, or its use or occupancy thereof or its gross receipts or income therefore, except as Lessee and the Agency have herein agreed, or may agree from time to time in the future.

Section 7. Notices. All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given, if by delivery, when delivered and, if delivered by mail, on the second day following the day on which mailed by certified mail, postage prepaid, addressed as follows:

To the Agency:           County of Chautauqua Industrial Development Agency  
                                  200 Harrison Street  
                                  Jamestown, New York 14701  
                                  Attention: Administrative Director

With a copy to: Phillips Lytle LLP  
201 West Third Street, Suite 205  
Jamestown, NY 14701  
Attention: Jonathan P. Taber, Esq.

To Lessee: SKF USA Inc.  
One Maroco Road, P.O. Box 263  
Falconer, NY 14733  
Attention: Terry J. Papincak

with copies to: SKF USA Inc.  
890 Forty Foot Road  
Lansdale, PA 19446  
Attention: Timothy D. Gifford, Esq.

and

Norman B. Berlin, Esq.  
Pepper Hamilton LLP  
3000 Two Logan Square  
18th and Arch Streets  
Philadelphia, PA 19103-2799

The Agency or Lessee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

Section 8. Assignment of Agreement. This Agreement shall be binding upon the successors and assigns of Lessee permitted pursuant to the Lease, but no assignment shall be effective to relieve Lessee of any of its obligations hereunder unless expressly authorized and approved in writing by the Agency.

Section 9. Independent Agreement. Notwithstanding any other provision of this Agreement, including the recitals hereof, the parties agree that the Lease executed between the parties hereto shall be a separate and independent document from this Agreement, and irrespective of whether any provision of this Agreement or the entirety hereof shall be held invalid or unenforceable by any court of competent jurisdiction, the Lease shall be construed, interpreted, and otherwise regarded separate and apart from this Agreement. The parties hereto specifically note that the considerations and terms provided for in this Agreement and provided for in the Lease are the only considerations and terms for which the parties hereto have executed this Agreement.

Section 10. Waivers. Lessee, in recognition of the benefits provided under this Agreement, and for so long as the Lease is in effect, hereby expressly waives any rights it may have for any exemption under Section 485-b of the Real Property Tax Law or any other

exemption under any other law or regulation (except, however, for the exemption provided under Article 18-A of the General Municipal Law) with respect to the Facility.

Lessee, in recognition of the benefits provided under this Agreement and the Lease, hereby expressly waives the right to institute judicial or other review of an assessment of the real property with respect to the Facility, whether pursuant to the provisions of Article 7 of the Real Property Tax Law or other applicable law, as the same may be amended from time to time.

Section 11. Future Additions. If there shall be a future modification, addition or improvement to the Facility constructed or added in any manner after the date of this Agreement that would otherwise change the assessed value of the Facility, Lessee shall notify the Agency of such future modification, addition or improvement (the "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 evidence that the Agency may reasonably request. Upon the earlier of substantial completion, or the issuance of a certificate of occupancy for any such Future Addition, Lessee shall become liable for payment of an increase in the total PILOT Payments as reasonably determined by the Agency. The Agency shall notify Lessee of any proposed increase in the total PILOT Payment resulting from such Future Addition. If Lessee shall disagree with the determination of Assessed Value for any Future Addition made by the Agency, then and in that event the Assessed Value for any such Future Addition shall be fixed by a court of competent jurisdiction. Notwithstanding any disagreement between Lessee and the Agency, Lessee shall pay the increased total PILOT Payment determined pursuant to this Section until a different total PILOT Payment shall be established. If a lesser Assessed Value for any such Future Addition is determined in any proceeding or by subsequent agreement of the parties, the total PILOT Payment shall be recomputed and any excess payment shall be refunded to Lessee, or in the Agency's sole discretion, such excess payment shall be applied as a credit against the next succeeding PILOT payment(s). Nothing in this Section 11 shall be deemed to limit or prohibit the exercise of Lessee's option pursuant to Section 9.1 of the Lease.

Section 12. Amendments. This Agreement may not be modified, amended, supplemented, or changed without the written consent of the Agency, Lessee and any Taxing Entity which is affected by the amendment.

Section 13. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 14. Prior Agreements; Counterparts. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, whether written or oral, among the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 15. Delivery of Agreement. The Agency agrees to use its best efforts to deliver to each Taxing Entity a copy of this Agreement within fifteen (15) days after its execution by the Agency.



Section 16. Applicable Law. This Agreement shall be governed and construed under the internal laws of the State of New York, as the same may be in effect from time to time, without regard to principles of conflicts of law.

Section 17. WAIVER OF JURY TRIAL. THE AGENCY AND LESSEE HEREBY WAIVE THE RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING IN CONNECTION WITH THIS AGREEMENT.

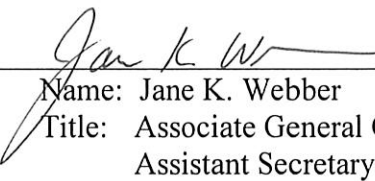
**IN WITNESS WHEREOF**, the Agency and Lessee have executed this Agreement as of the date first above written.

**COUNTY OF CHAUTAUQUA  
INDUSTRIAL DEVELOPMENT AGENCY**

By:   
William J. Daly, Administrative Director/CEO

**SKF USA INC.**

By:   
Name: Gunilla Nilsson  
Title: VP, Finance

By:   
Name: Jane K. Webber  
Title: Associate General Counsel and  
Assistant Secretary

**Schedule A**

**LAND**

Schedule "A"

All that tract or parcel of land, situate in the Town of Ellicott, Town of Poland, Village of Falconer, County of Chautauqua and being a part of Lot 59, Town 2, Range 10 of the Holland Land Company's Survey, bounded and described as follows:

Beginning at an existing iron stake on the division line between the Town of Ellicott and the Town of Poland, said iron stake being the Southeasterly corner of land now or formerly owned by the Chautauqua County Humane Society described in Liber 1564 of Deeds at page 164 said iron stake also being 329.86 feet southerly measured along the said town line from the Southeasterly bounds of Elmwood Avenue; thence South  $00^{\circ}02'00''$  West along the said town line and along the lands now or formerly owned by the said Chautauqua County Humane Society described in Liber 762 of Deeds at page 182, and Liber 1221 of Deeds at page 371, 719.54 feet to an iron stake; thence North  $70^{\circ}32'00''$  East along the said lands of the Chautauqua County Humane Society, 357.91 feet to an iron stake; thence continuing along the same line 26.05 feet to a point on the existing centerline of Blanchard Road; thence South  $17^{\circ}06'23''$  East along the said road centerline, 467.14 feet to a point; thence South  $24^{\circ}43'28''$  East along the said road centerline, 174.00 feet to a point; thence South  $42^{\circ}23'59''$  East along the said road centerline, 138.27 feet to a point; thence South  $56^{\circ}59'32''$  East along the said road centerline, 182.88 feet to a point; thence South  $60^{\circ}58'11''$  East along the said road centerline, 541.86 feet to a point; thence South  $54^{\circ}36'23''$  East along the said road centerline, 193.13 feet to a point; thence South  $47^{\circ}33'05''$  East along the said road centerline, 370.69 feet to a point on the Northerly bounds of the lands now or formerly owned by Conrail; thence South  $69^{\circ}08'28''$  West along the said lands of Conrail, 1822.31 feet to an existing iron stake; thence continuing along the same line 1150.11 feet to an existing iron stake; thence North  $00^{\circ}38'40''$  West along the lands now or formerly owned by Joseph Jicha described in Liber 1500 of deeds at page 50 and Anthony Zingale described in Liber 1888 of Deeds at page 172, and Liber 1787 of Deeds at page 30, 1996.17 feet to an existing iron stake; thence North  $00^{\circ}52'45''$  West along the lands now or formerly owned by Frank LaMarca described in Liber 2071 of Deeds at page 494 and Faye Caswell described in Liber 1485 of Deeds at page 72, 407.82 feet to a point on the said Southeasterly bounds of Elmwood Avenue; thence North  $47^{\circ}25'13''$  East along the said road bounds, 380.81 feet to an iron stake on the westerly bounds of Maroco Road; thence South  $00^{\circ}38'21''$  East along the said bounds of Maroco Road, 916.72 feet to an iron stake; thence South  $89^{\circ}53'00''$  East along the southerly bounds of said Maroco Road, 60.00 feet to an iron stake; thence North  $00^{\circ}38'21''$  West along the easterly bounds of

Schedule "A" Continued

said Maroco Road, 971.41 feet to an iron stake on the said Southeasterly bounds of Elmwood Avenue; thence North 47°25'13" East along the said road bounds 14.50 feet to an iron stake; thence South 42°34'47" East along the lands now or formerly owned by the Village of Falconer described in Liber 1942 of Deeds at page 84, 55.00 feet to an iron stake; thence North 47°25'13" East along the said lands of the Village of Falconer, 50.00 feet to an iron stake; thence North 42°34'47" West along the said lands of the Village of Falconer, 55.00 feet to an iron stake on the said Southerly bounds of Elmwood Avenue; thence North 47°25'13" East along the said road bounds, 487.99 feet to an existing iron stake; thence South 89°56'33" East along the said lands of the Chautauqua County Humane Society, described in Liber 1564 of Deeds at page 164, 358.39 feet to the point or place of beginning.

Also described as follows:

All that tract or parcel of land situate in the Town of Ellicott, Town of Poland & Village of Falconer, County of Chautauqua and State of New York and being a part of Lot 59, Town 2, Range 10 and Lot 4, Town 2, Range 11 of the Holland Land Company's Survey, bounded and described as follows:

Beginning at an existing iron pipe on the division line between the Town of Ellicott and the town of Poland, said existing iron pipe being at the southeasterly corner of the lands formerly owned by the Chautauqua County Humane Society described in Liber 1564 of Deeds at page 164, said existing iron pipe also being 329.86 feet southerly measured along said Town Line from the southeasterly bounds of Elmwood Avenue, thence S 00°02'16" W along said Town line and along the lands formerly owned by the said Chautauqua County Humane Society described in Liber 762 of Deeds at page 182 and Liber 1221 of Deeds at page 371 and now or formerly owned by Patricia H. Anderson described in Liber 2504 of Deeds at page 95, 645.22 feet to an existing iron pipe; thence N 70°48'03" E along the said lands of the Chautauqua County Humane Society and the said lands of Anderson, 329.91 feet to an existing iron pipe with cap; thence continuing along the same line, 25.17 feet to a point on the existing centerline of Blanchard Road; thence S 17°38'41" E along said Blanchard Road centerline, 593.41 feet to a point; thence southeasterly along said Blanchard Road Centerline, along a curve to the left with a radius of 414.35 feet and a chord of S 39°04'28" E 302.77 feet, an arc length of 309.95 feet to a point; thence S 60°30'15" E along said Blanchard Road Centerline, 673.87 feet to a point; thence S 54°36'23" E along said Blanchard Road Centerline, 193.13 feet to a point; thence S 47°33'05" E along said Blanchard Road Centerline, 370.69 feet to a point on the northerly bounds of the lands now or formerly owned by Conrail; thence S 69°08'28" W along the said lands of Conrail, 30.00 feet to a set rebar with cap; thence

Schedule "A" Continued

continuing along the same line, 1815.64 feet to an existing iron pipe; thence continuing along the same line, 1150.11 feet to an existing iron pipe; thence N 00°38'40" W along the lands formerly owned by Joseph Jicha described in Liber 1500 of Deeds at page 50 and Anthony Zingale described in Liber 1888 of Deeds at page 172 and Liber 1787 of Deeds at page 30, and now or formerly owned by Lyndon Development, LLC described in Liber 2695 of Deeds at page 322, Liber 2681 of Deeds at page 324 and Liber 2674 of Deeds at page 756, 1996.17 feet to an existing iron pipe; thence N 00°52'45" W along the lands now or formerly owned by Frank & Diane LaMarca described in Liber 2071 of Deeds at page 494, 270.45 feet to an existing iron pipe; thence continuing along the same line and along the lands formerly owned by Faye E. Caswell described in Liber 1485 of Deeds at page 72 and Liber 1538 of Deeds at page 86 and now or formerly owned by Patricia Fralick described in Liber 2646 of Deeds at page 1, 137.37 feet to a point on the said southeasterly bounds of Elmwood Avenue; thence N 47°25'13" E along the said Elmwood Avenue Bounds, 380.81 feet to an existing rebar with cap on the westerly bounds of Maroco Road; thence S 00°38'21" E along said Maroco Road Bounds, 916.72 feet to a set rebar with cap; thence S 89°53'00" E along the southerly bounds of said Maroco Road, 60.00 feet to a set rebar with cap; thence N 00°38'21" W along the easterly bounds of said Maroco Road, 971.41 feet to an existing rebar with cap on the said southeasterly bounds of Elmwood Avenue; thence N 47°25'13" E along said Elmwood Avenue Bounds, 14.50 feet to an existing rebar with cap at the most westerly corner of the lands now or formerly owned by the Village of Falconer described in Liber 1942 of Deeds at page 84; thence S 42°34'47" E along the said lands of the Village of Falconer, 55.00 feet to an existing rebar with cap; thence N 47°25'13" E along the said lands of the Village of Falconer, 50.00 feet to an existing rebar with cap; thence N 42°34'47" W along the said lands of the Village of Falconer, 55.00 feet to an existing rebar with cap on the said southeasterly bounds of Elmwood Avenue; thence N 47°25'13" E along said Elmwood Avenue bounds, 487.99 feet to an existing iron pipe at the southwesterly corner of the lands formerly owned by the said Chautauqua County Humane Society described in Liber 1564 of Deeds at page 164 and now or formerly owned by said Patricia H. Anderson described in Liber 2504 of Deeds at page 95; thence S 89°56'33" E along the said lands of the Chautauqua County Humane Society and Anderson, 358.39 feet to the point or place of beginning.

Excepting and reserving from the above two descriptions all property located in the Town of Poland. It being the intention to include only the property in the Town of Ellicott and Village of Falconer.

**Schedule B**

**PILOT PAYMENTS**

<b><u>Year</u></b>	<b><u>PILOT Amount</u></b>
1	\$94,693.51
2	\$94,693.51
3	\$94,693.51
4	\$94,693.51
5	\$94,693.51
6	\$94,693.51
7	\$94,693.51
8	\$94,693.51
9	\$94,693.51
10	\$94,693.51 (the "Base Amount")
11	An amount equal to the sum of (y) the Base Amount, and (z) twenty percent (20%) of the difference between Actual Taxes and the Base Amount
12	An amount equal to the sum of (y) the Base Amount, and (z) forty percent (40%) of the difference between Actual Taxes and the Base Amount
13	An amount equal to the sum of (y) the Base Amount, and (z) sixty percent (60%) of the difference between Actual Taxes and the Base Amount
14	An amount equal to the sum of (y) the Base Amount, and (z) eighty percent (80%) of the difference between Actual Taxes and the Base Amount
15	An amount equal to the sum of (y) the Base Amount, and (z) one hundred percent (100%) of the difference between Actual Taxes and the Base Amount

For purposes of the foregoing, the term "Actual Taxes" shall mean the amount of real property taxes that would be levied on the Facility for the applicable year of the Term of the PILOT determined by multiplying the Actual Assessed Value by the Actual Tax Rate. The term "Actual Assessed Value" shall be deemed to mean the actual assessed value of the Facility (without exemption or abatement) for the fiscal tax year to which the applicable PILOT payment relates. The term "Actual Tax Rate" shall be deemed to mean the sum of the actual tax rates of the applicable Taxing Entities applicable to the Facility (without exemption or abatement) for the fiscal tax year to which the applicable PILOT payment relates.

For purposes of the foregoing, if Actual Taxes are lower than the Base Amount, the difference between them for purposes of the calculations for Years 11-15 of the Term of the PILOT shall be deemed to be zero (0).