

TROY INDUSTRIAL DEVELOPMENT AUTHORITY

AND

CITYSTATION WEST, LLC

PAYMENT IN LIEU OF TAX AGREEMENT

Dated as of March 1, 2011

Affected Tax Jurisdictions:

Rensselaer County

City of Troy

Enlarged City School District of Troy

Street Address: 1521 6th Avenue, Troy, New York 12180
TMID No. 101.61-8-3, as may be subdivided

PAYMENT IN LIEU OF TAX AGREEMENT

THIS PAYMENT IN LIEU OF TAX AGREEMENT (the "Agreement"), dated as of the 1st day of March 2011, by and between the **TROY INDUSTRIAL DEVELOPMENT AUTHORITY**, a public benefit corporation of the State of New York, having its offices at 1776 Sixth Avenue, Troy, New York 12180 (the "Authority") and **CITYSTATION WEST, LLC**, a New York limited liability Company having offices at 300 Jordan Road, Troy, New York 12180 (the "Company").

WITNESSETH:

WHEREAS, by Title 11 of Article 8 of the Public Authorities Law of the State of New York (the "State"), as amended, and Chapter 759 of the Laws of 1967 of the State of New York, as amended (hereinafter collectively called the "Act"), the Authority was created with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping civic, industrial, manufacturing and commercial facilities as authorized by the Act; and

WHEREAS, the Company, f/k/a TC Garages, LLC, has submitted an application (the "Application") to the Authority requesting the Authority's assistance with respect to a certain project (the "Project") consisting of: (i) the acquisition by the Authority of fee title to or a leasehold interest in one or more parcels of real property located at 1521 6th Avenue, Troy, New York 12180 (the "Land", being comprised of approximately 2.36 acres and more particularly described as TMID No. 101.61-8-3, as may be subdivided) and the existing site, infrastructure, roadway and curb improvements located thereon (the "Existing Improvements"), (ii) the construction and equipping upon the Land and around the Existing Improvements of a five (5) story, mixed-use commercial and residential facility including approximately 17,000 square feet of commercial and retail space and forty-eight (48) units of rental residential housing (collectively, the "Improvements"), such Improvements to be known as "City Station West", and (iii) the acquisition and installation by the Company in and around the Existing Improvements and Improvements of certain items of equipment and other tangible personal property necessary and incidental in connection with the Company's development of the Project in and around the Land and Existing Improvements (the "Equipment", and collectively with the Land, the Existing Improvements and the Improvements, the "Facility"); and

WHEREAS, in order to induce the Company to acquire, renovate, construct and equip the Facility, the Authority is willing to take a fee interest in the land, improvements and personal property constituting the Facility and lease said land, improvements and personal property back to the Company pursuant to the terms and conditions of a certain Lease Agreement to be dated on or about the date hereof (the "Lease Agreement"); and

WHEREAS, pursuant to Section 1963 of the Act, the Authority 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 Authority 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 Authority for the benefit of the County of Rensselaer (the "County"), the City of Troy (the "City"), and the Enlarged City School District of Troy (hereinafter the "School District" or "School" and, collectively with the County and the City, 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:

1.1 A. Acquisition of Land and Existing Improvements; Prior Exemption Continued. Prior to the date hereof, the Land and Existing Improvements were owned by the Troy Housing Authority ("THA") and therefore exempt from real property taxes pursuant to Section 52 of the Public Housing Law. THA and United/Hedley Troy Corridor Development, LLC ("United/Hedley") previously entered into a certain Real Property Purchase Agreement (the "Purchase Agreement"), dated as of December 15, 2008, pursuant to which United/Hedley would acquire the Land and Existing Improvements from THA. United/Hedley's rights pursuant to the Purchase Agreement were subsequently assigned to the Company. The Company and THA thereafter cause title to the Land and Existing Improvements to be delivered to the Authority by deed dated March 4, 2011.

Pursuant to Section 1963 of the Act, RPTL Section 412, and relevant opinions issued by the New York State Office of Real Property Tax Services, the Authority's acquisition of a fee interest in the Land and Existing Improvements from THA shall have the effect of continuing and maintaining the exempt status (Section Roll 8) of the Land and Existing Improvements.

B. Subject to the completion and filing by the taxable status date of March 1, 2012 (the "Taxable Status Date") of New York State Form RP-412-a Application For Real Property Tax Exemption (the "Exemption Application") under RPTL Section 412 and Section 1963 of the Act and the approval of the Exemption Application by the appropriate assessors or Board of Assessment Review, the Land and Existing Improvements, and Improvements once constructed, shall continue to be exempt from Real Estate Taxes commencing as of the date hereof, such exemption to include the current tax years and prospectively, the 2012 City and County tax years and the 2011/2012 School tax year through the termination date, as defined herein. For purposes of the foregoing "Real Estate Taxes" means all general levy real estate taxes levied against the Facility by the County, City and School. The Company shall provide to the Authority 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 Lease 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 Authority, 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 therein has been declared in default under any document for which the Facility could be sold, forfeited or lost; and (iv) neither the Company nor the Authority, 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 Authority, and releases the Authority 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 Authority 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 the Authority and leased by the Authority to the Company pursuant to the Lease Agreement, or under the Authority's 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 **September 30** of each year (collectively, the "Payment Date"), commencing on **September 30, 2012**, an amount equal to the Total PILOT Payment, as defined in Schedule A hereto. The Total PILOT Payment shall consist of the sum of the Housing PILOT Payment and the Commercial PILOT Payment, as each is defined in Schedule A. The Authority shall send a single invoice to the Company on or before September 1 of each year which shall state the Total PILOT Payment due and the portions thereof attributable to both the Housing PILOT Payment and the Commercial PILOT Payment.

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 Authority 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 Authority'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 Authority shall use the last tax rate utilized for levy of taxes by each such jurisdiction. For County, City 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 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 (excluding the Improvements, as defined herein), the Company shall notify the Authority of such future addition ("Future Addition"). The notice to the Authority shall contain a copy of the application

for a building permit, plans and specifications, and any other relevant information that the Authority 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 (and either the Housing PILOT Payment or the Commercial PILOT Payment as the case may be). The Authority 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 Authority, then and in that event that valuation shall be fixed by a court of competent jurisdiction. Notwithstanding any disagreement between the Company and the Authority, the Company shall pay the increased Total PILOT payment until a different Total PILOT Payment shall be established. If a lesser 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 Authority's sole discretion, such excess payment shall be applied as a credit against the next succeeding PILOT payment(s).

1.5 Period of Benefits. The tax benefits provided for herein should be deemed to include (i) the remainder of 2011 County and City tax years and the 2010-2011 School tax year; and (ii) and prospectively, the 2012 County and City tax year through the 2031 County and City tax year, and (iii) the 2011-2012 School tax year through the 2030-2031 School tax year. This PILOT Agreement shall expire on December 31, 2031; *provided, however*, the Company shall pay the 2032 County and City tax bill and the 2031-2032 School tax bill on the dates and in the amounts as if the Authority 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 and 485-e 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.

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 fire district charges), and pure water charges and sewer charges are to be paid in full in accordance with normal billing practices, subject to any applicable exemptions afforded according to the laws of the State, County or City, as may be amended from time to time.

Section III - Transfer of Facility.

3.1 In the event that the Facility is transferred from the Authority to the Company 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 (taking into account any Total PILOT Payment previously made by the Company for the applicable PILOT year) 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 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 **only** with respect to any proposed special district charge and/or special assessment resulting from a change in assessment with respect to the Facility by any of the Affected Tax Jurisdictions relating to any 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 proposed special district charge, special assessment or change in assessment with respect to the Facility by any of the Affected Tax Jurisdictions. However, the Company shall in all events make timely payments of all Total PILOT Payments due hereunder and no assessment challenge by the Company shall affect or cause to invalidate the amount of any tax equivalent provided for herein.

4.2 Where appropriate pursuant to the provisions of this Section IV, 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 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 (or any authorized assignee hereunder) 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 Lease Agreement after the expiration of any applicable notice or cure periods. Upon the occurrence of any Event of Default hereunder, in addition to any other right or remedy the Authority and/or the Affected Tax Jurisdictions may have at law or in equity, the Authority and/or Affected Tax Jurisdictions may, immediately and without further notice to the Company (but with notice to the Authority 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 Authority 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 applicable provisions of the Act and the Company shall immediately notify the Authority 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 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 as defined in Section 6.1 herein, the 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 Authority, which shall not be unreasonably withheld or delayed.

Section VIII - Miscellaneous.

8.1 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.

8.2 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 Authority:

Troy Industrial Development Authority
1776 Sixth Avenue
Troy, New York 12180
Attn: Executive Director

To Authority Counsel:

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

To the Company:

CityStation West, LLC
300 Jordan Road
Troy, New York 12180
Attn: Michael J. Uccellini

To Company Counsel:

Roemer Wallens Gold & Mineaux LLP
13 Columbia Circle
Albany, New York 12203
Attn.: John R. Mineaux, 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 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 courts located in the City of Albany, New York and/or state courts located in the City of Troy, New York.

8.4 Notwithstanding any other term or condition contained herein, all obligations of the Authority hereunder shall constitute a special obligation payable solely from the revenues and other monies, if any, derived from the Facility and paid to the Authority by the Company. Neither member of the Authority 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 Authority, or of any successor or political subdivision, either directly or through the Authority 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 Notwithstanding anything contained herein to the contrary, the Authority, at its sole discretion and on a case-by-case basis, may determine, (but shall not be required to do so) with respect to a particular project, that a project has failed to meet its intended goals and to require the project applicant to agree to the recapture by the Authority of the value of any or all

exemptions from taxation granted with respect to the project by virtue of the Authority's involvement. Events that the Authority may determine will trigger recapture may include, but not limited to (i) sale or closure of facility; (ii) significant employment reduction; (iii) significant change in use in facility; (iv) significant change in business activities or project applicant or operator; or (v) material noncompliance with or breach of terms of Authority transaction documents or of zoning or land use laws or regulations or federal, state or local environmental laws or regulations. If the Authority determines to provide for the recapture with respect to a particular project, the Authority also shall, in its sole discretion and on a case-by-case basis, determine the timing and percentage of recapture. The Authority shall notify the Company in writing within thirty (30) days of any such Event of Default of its intent to recapture the benefits conveyed pursuant to this PILOT Agreement (or any portion thereof).

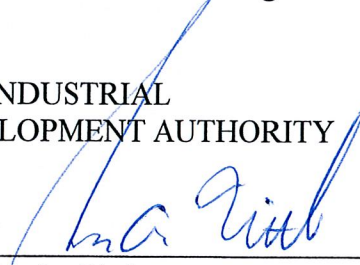
8.6 PILOT Mortgage. As an inducement for the Authority to enter into this Agreement, and commensurate herewith, the Authority and the Company have executed a certain PILOT Mortgage, dated as of the date hereof (the "PILOT Mortgage"), wherein the Authority and Company, as mortgagors, have mortgaged their respective interests in the Facility to the Authority on behalf of the Affected Tax Jurisdictions, as mortgagees, for the purpose of securing the Company's performance and payment obligations hereunder, including the Company's obligation to make timely Total PILOT payments, as defined herein. The PILOT Mortgage, when recorded, shall constitute a priority lien against the Facility in an amount equal to any and all unpaid and defaulted Total PILOT Payments, such priority lien to be subordinate only to any other additional mortgage liens secured against the Facility that the Authority may approve from time to time (the "Additional Mortgages"); PROVIDED, HOWEVER, THE PAYMENT OBLIGATIONS OF THE COMPANY (AND ANY SUCCESSOR THERETO) UNDER THIS AGREEMENT AND THE PILOT MORTGAGE HAVE A PRIORITY RIGHT OF PAYMENT OVER AMOUNTS PAYABLE UNDER ANY SUCH ADDITIONAL MORTGAGES AND THE PAYMENT OBLIGATIONS CREATED HEREIN AND BY THE PILOT MORTGAGE ARE IN NO WAY SUBORDINATED TO THE PAYMENT OBLIGATIONS UNDER ANY ADDITIONAL MORTGAGES.

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[Signature Page to PILOT Agreement]

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

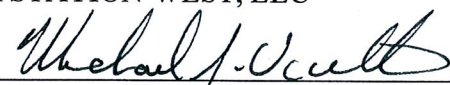
TROY INDUSTRIAL
DEVELOPMENT AUTHORITY

By: _____

Name: Sondra Little

Title: Executive Director

CITYSTATION WEST, LLC

By: _____

Name: Michael J. Uccellini

Title: Managing Member

SCHEDULE A
TO
PILOT AGREEMENT DATED AS OF MARCH 1, 2011,
TROY INDUSTRIAL DEVELOPMENT AUTHORITY
CITYSTATION WEST, LLC

“Total PILOT Payment” shall be calculated as follows:

For each PILOT Year and Payment Date commencing September 30, 2012, the Company shall pay to the Authority an amount equal to the Total PILOT Payment, which shall be comprised of the sum of the Housing PILOT Payment and the Commercial PILOT Payment, as defined and calculated herein.

“Housing PILOT Payment” shall be calculated as follows:

<u>PILOT Year</u>	<u>County Tax Year</u>	<u>City Tax Year</u>	<u>School Tax Year</u>	<u>Housing PILOT Payment</u>
Interim	2011	2011	2010/2011	---
Year 1	2012	2012	2011/2012	\$21,600.00
Year 2	2013	2013	2012/2013	\$22,248.00
Year 3	2014	2014	2013/2014	\$22,915.44
Year 4	2015	2015	2014/2015	\$23,602.90
Year 5	2016	2016	2015/2016	\$24,310.99
Year 6	2017	2017	2016/2017	\$31,200.00
Year 7	2018	2018	2017/2018	\$32,136.00
Year 8	2019	2019	2018/2019	\$33,100.08
Year 9	2020	2020	2019/2020	\$34,093.08
Year 10	2021	2021	2020/2021	\$35,115.87
Year 11	2022	2022	2021/2022	\$40,800.00
Year 12	2023	2023	2022/2023	\$42,024.00
Year 13	2024	2024	2023/2024	\$43,284.72
Year 14	2025	2025	2024/2025	\$44,583.26
Year 15	2026	2026	2025/2026	\$45,920.76
Year 16	2027	2027	2026/2027	\$50,400.00
Year 17	2028	2028	2027/2028	\$51,912.00
Year 18	2029	2029	2028/2029	\$53,469.36
Year 19	2030	2030	2029/2030	\$55,073.44
Year 20	2031	2031	2030/2031	\$56,725.64

The Housing PILOT Payment reflects an initial base payment of \$450 per unit for 48 units, escalating at 3% per year. In PILOT Year 6, the base per-unit figure increases to \$650 per unit. In year 11, the base per-unit figure increases to \$850 per unit. In year 16, the base per-unit figure increases to \$1,050 per unit.

SCHEDULE A (Cont.)
TO
PILOT AGREEMENT DATED AS OF MARCH 1, 2011,
TROY INDUSTRIAL DEVELOPMENT AUTHORITY
CITYSTATION WEST, LLC

“Commercial PILOT Payment” shall be calculated as follows:

<u>PILOT Year</u>	<u>County Tax Year</u>	<u>City Tax Year</u>	<u>School Tax Year</u>	<u>Total Taxable Valuation to determine Commercial PILOT Payment</u>
Interim	2011	2011	2010/2011	---
Year 1	2012	2012	2011/2012	Base Valuation, plus (Added Value x .00)
Year 2	2013	2013	2012/2013	Base Valuation, plus (Added Value x .00)
Year 3	2014	2014	2013/2014	Base Valuation, plus (Added Value x .00)
Year 4	2015	2015	2014/2015	Base Valuation, plus (Added Value x .00)
Year 5	2016	2016	2015/2016	Base Valuation, plus (Added Value x .00)
Year 6	2017	2017	2016/2017	Base Valuation, plus (Added Value x .25)
Year 7	2018	2018	2017/2018	Base Valuation, plus (Added Value x .25)
Year 8	2019	2019	2018/2019	Base Valuation, plus (Added Value x .25)
Year 9	2020	2020	2019/2020	Base Valuation, plus (Added Value x .25)
Year 10	2021	2021	2020/2021	Base Valuation, plus (Added Value x .25)
Year 11	2022	2022	2021/2022	Base Valuation, plus (Added Value x .50)
Year 12	2023	2023	2022/2023	Base Valuation, plus (Added Value x .50)
Year 13	2024	2024	2023/2024	Base Valuation, plus (Added Value x .50)
Year 14	2025	2025	2024/2025	Base Valuation, plus (Added Value x .50)
Year 15	2026	2026	2025/2026	Base Valuation, plus (Added Value x .50)
Year 16	2027	2027	2026/2027	Base Valuation, plus (Added Value x .75)
Year 17	2028	2028	2027/2028	Base Valuation, plus (Added Value x .75)
Year 18	2029	2029	2028/2029	Base Valuation, plus (Added Value x .75)
Year 19	2030	2030	2029/2030	Base Valuation, plus (Added Value x .75)
Year 20	2031	2031	2030/2031	Base Valuation, plus (Added Value x .75)

For the term of this PILOT Agreement, and as a component of the Commercial PILOT Payment, the Company shall pay full taxes based on the assessed value of the Land before the completion of any Project Improvements (the “Base Valuation”, such amount to be fixed during the term hereof at **\$649,000**, as may be equalized). In addition, and as an additional component of the Commercial PILOT Payment, the Company shall pay a portion of full taxes calculated based upon a graduated abatement factor (“Abatement Factor”) applied to the increased assessed valuation attributable to the first floor commercial Improvements of the Facility constructed by the Company, as an Agent of the Authority, for the Project (herein, the “Added Value” such amount to be fixed during the term hereof at **\$1,700,000**, as may be equalized). The abatement schedule shall allow for a 100% exemption from taxation for the Added Value in PILOT Years one through five (1-5), with such exemption being reduced to 75% in PILOT Years six through ten (6-10), 50% in years eleven through fifteen (11-15), and 25% in years sixteen through twenty (16-20).

Once the Total Taxable Valuation is established using the Abatement Factor, the Commercial 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 twentieth PILOT Year, the Facility shall be subject to full taxation by the affected taxing jurisdictions.

$$\begin{aligned}\text{Total PILOT Payment} &= \text{Housing PILOT Payment} + \text{Commercial PILOT Payment} \\ \text{Commercial PILOT Payment} &= \text{Total Taxable Valuation (after equalization)} \times \text{Tax Rate} \\ \text{Total Taxable Valuation} &= \text{Base Valuation} + (\text{Added Value} \times \text{Abatement Factor})\end{aligned}$$