

HARTFORD FIRE INSURANCE COMPANY ("Hartford"),

RYAN COMPANIES US, INC. ("Ryan"),

and

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY (the "Agency")

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Oneida County Industrial Development Agency
2008 Lease/Leaseback Transaction

Part of Tax Parcel Number 316.00-2-41.1

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS AGREEMENT, dated as of March 13, 2008 is by and among **HARTFORD FIRE INSURANCE COMPANY**, having its principal office at Hartford Plaza, 690 Asylum Avenue, Hartford, CT 06155 ("Hartford"), **RYAN COMPANIES US, INC.**, having its principal office at 50 South Tenth Street, Suite 300, Minneapolis, MN 55403 ("Ryan"), and **ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, an industrial development agency and a public benefit corporation of the State of New York having its principal office at 153 Brooks Road, Rome, New York 13441-4105 (the "Agency").

WITNESSETH:

WHEREAS, the Agency is authorized and empowered by the provisions of Title 1 of Article 18-A of the General Municipal Law, Chapter 99 of the Consolidated Laws of New York, as amended, (the "Enabling Act"), and Chapter 372 of the Laws of 1970 of the State of New York, as amended, constituting Section 901 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of, among others, industrial facilities for the purpose of promoting, attracting and developing economically sound commerce and industry in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, in order to induce Ryan to develop and equip a multi-story, 122,706± square foot office building (the "Facility") and Hartford to sublease the Facility from Ryan, the Agency is willing to take and/or continue to own a leasehold interest in the Facility pursuant to a prime lease between Ryan as Lessor and the Agency as Lessee dated as of the date hereof (the "Prime Lease") and leaseback said Facility to Ryan pursuant to the terms and conditions of a leaseback agreement dated as of the date hereof (the "Leaseback Agreement"); and

WHEREAS, the Prime Lease and the Leaseback Agreement are for a term of fifteen (15) years and will expire on the last day of February, 2023; and

WHEREAS, Ryan will with execution of the Leaseback Agreement and this Agreement sublease the Facility to Hartford pursuant to a sublease between Ryan and Hartford (the "Sublease Agreement"); and

WHEREAS, the Sublease Agreement is for an initial term of ten (10) years with two five-year renewal options; and

WHEREAS, commencing March 1, 2008, the Facility is and/or will be exempt from real property taxes, general property taxes, general school district taxes, general assessments, service charges or other governmental charges of a similar nature levied and/or assessed upon the Facility or the interest therein of Ryan or the occupancy thereof by Hartford (the "Exempt Taxes"), because the Facility is, or will be, under the jurisdiction, supervision and/or control of the Agency and used for a purpose pursuant to the Prime Lease, the Leaseback Agreement, and the Sublease Agreement within the meaning of the applicable Constitutional and statutory provisions, including the Enabling Act, provided, however, such exemption will not extend to special assessments; and

WHEREAS, Hartford understands that it, as sublessee of the Facility, will, in fact, have no Exempt Taxes to pay under the provisions of the Leaseback Agreement from March 1, 2008, the next taxable status date, through the earlier of (i) term of the Leaseback Agreement, or (ii) the term of the Sublease Agreement (the "Exemption Term") (each year measured by the twelve month period commencing with the first day of March, herein referred to as an "Exemption Year") (as used herein, the term of the Sublease Agreement shall mean the initial ten (10) Lease Years (as defined in Section 2(g) of the Sublease Agreement) and shall be extended by the renewal term only if Hartford exercises such renewal option); and

WHEREAS, Ryan understands that it, as tenant of the Facility under the Leaseback Agreement, will, in fact, have no Exempt Taxes to pay under the provisions of the Leaseback Agreement for the period from (i) the expiration of the Sublease Agreement if Hartford does not exercise its renewal option, through (ii) the last day of February, 2023; and

WHEREAS, the Agency, Hartford and Ryan deem it necessary and proper to enter into an agreement making provision for payments-in-lieu-of-taxes and such assessments by Hartford and Ryan, as applicable, to any existing incorporated municipality or any which may be incorporated after the date hereof, within which the Facility is or may be, wholly or partially located, Oneida County, New Hartford Central School District and appropriate special districts (hereinafter each a "Taxing Authority" and collectively the "Taxing Authorities") in which any part of the Facility is or is to be located; and

WHEREAS, all defined terms herein as indicated by the capitalization of the first letter thereof and not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Leaseback Agreement.

NOW, THEREFORE, to provide for certain payments to the Taxing Authorities, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Hartford agrees to cause to be paid to each Taxing Authority all special assessments and ad valorem taxes coming due and payable during the term of the Leaseback Agreement for which the Facility is not exempt, no later than the last day during which such payments may be made without penalty; provided Hartford shall have no obligation to pay or cause to be paid any special assessments and ad valorem taxes if it is no longer subleasing the Facility from and after the expiration of the tenth (10th) Lease Year.

2. Hartford agrees to pay to each Taxing Authority as set forth on Schedule A attached hereto and made a part hereof an amount in lieu of the Exempt Taxes (the "PILOT Payments") during each Lease Year as follows:

(a) one-third of all Exempt Taxes as the same would become payable if the property were taxable from the "Commencement Date" (as defined in Section 2(a) of the Sublease Agreement) through and including the last day of the fifth (5th) Lease Year; and

(b) two-thirds of all Exempt Taxes as the same would become payable if the property were taxable from the commencement of the sixth (6th) Lease Year through and including the last day of the tenth (10th) Lease Year; and

(c) one hundred percent of all Exempt Taxes as the same would become payable if the property were taxable from and after the expiration of the tenth (10th) Lease Year, provided Hartford shall have no obligation to pay Exempt Taxes if it is no longer occupying the Facility from and after the expiration of the tenth (10th) Lease Year.

3. If Hartford does not exercise its renewal option under the Sublease Agreement, Ryan agrees to pay or cause to be paid to each Taxing Authority as set forth on Schedule A attached hereto and made a part hereof the PILOT Payments during each Exemption Year from the day following the expiration of the tenth (10th) Lease Year through the last day of February, 2023 in an amount equal to one hundred percent of all Exempt Taxes as the same would have become payable if the property were taxable during such period.

4. Anything herein to the contrary, notwithstanding, upon the default by Hartford in making any payment when due hereunder prior to the expiration of the tenth (10th) Lease Year and upon failure to cure such default within sixty (60) days of receipt of notice as herein provided, Hartford shall henceforth pay, in lieu of the PILOT Payment currently due and payable (and for which Hartford is delinquent), an amount equal to one hundred percent (100%) of the amount of the Exempt Taxes then currently due and payable for such tax period, together with interest at the rate of nine (9%) percent per annum on such delinquent PILOT Payment together with actual and verifiable expenses of enforcement of this Agreement, including but not limited to, reasonable attorneys' fees; provided, however, nothing herein contained shall be

deemed to limit any other rights and remedies the Agency may have hereunder or otherwise. Any PILOT Payments due after the expiration of the tenth (10th) Lease Year which become delinquent shall bear interest at the annual rate equal to the rate of interest per annum applied to delinquent taxes if the property were taxable.

5. Anything herein to the contrary, notwithstanding, this Agreement shall terminate on the date on which the Leaseback Agreement shall terminate and the Agency shall then terminate its leasehold interest in the Facility to Ryan pursuant to the Prime Lease.

6. Hartford or Ryan, as applicable, will make PILOT Payments to each Taxing Authority hereunder for each Exemption Year by making the required payment to such Taxing Authority no later than the last day during which such Exempt Taxes could otherwise be made without penalty as if the Facility were not exempt from taxes.

7. The PILOT Payments to be made by Hartford or Ryan pursuant to this Agreement are intended to be in lieu of all Exempt Taxes that would have to be paid on the Facility if the Agency did not hold a leasehold interest pursuant to the Prime Lease.

8. If by reason of a change in the Constitution or laws of the State of New York, or an interpretation of the Constitution or the laws of the State of New York by the Court of Appeals (or such lower court from which the time to appeal has expired) of the State of New York, or for any other reason, Hartford or Ryan is required to pay any tax which the payments specified herein are intended to be in lieu of, Hartford or Ryan may deduct the aggregate of any such payments made by it from the amount herein agreed to be paid in lieu of such taxes and need only pay the difference. Furthermore, inasmuch as the PILOT Payments herein agreed to be made by Hartford or Ryan are intended to be in lieu of all Exempt Taxes, it is agreed that said payments shall not, as to any Exemption Year, be in an amount greater than would be payable for such year for such Exempt Taxes, in the aggregate, by a non-exempt private corporation on account of its ownership of the Facility.

9. This Agreement shall be binding upon the successors and assigns of the parties.

10. It is the intent of the parties that Hartford and Ryan will have all the rights and remedies of a taxpayer with respect to any real property or other tax, service charge, special benefit, ad valorem levy, assessment or special assessment or service charge because of which, or in lieu of which, Hartford or Ryan is obligated to make a payment hereunder, as if and to the same extent as if Hartford and Ryan were the owner of the Facility. It is the further intent of the parties that Hartford will have all of the rights and remedies of a taxpayer as if and to the same extent as if Hartford and Ryan were the owner of the Facility with respect to any proposed assessment or change in assessment concerning the property, or any portion thereof, whether through an assessor, board of assessment review, court of law, or otherwise and likewise will be

entitled to protest before and be heard by such assessor, board of assessment review, court of law or otherwise and will 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 taxes that would have been payable but for the provisions hereof. In the event, however, that a court of competent jurisdiction shall enter an order or judgment determining or declaring that, by reason of the Agency's ownership of a leasehold interest in the Facility, Hartford and Ryan do not have the right to bring a proceeding to review such assessment under the Real Property Tax Law or any other law, then Hartford and Ryan shall have the right to contest such assessment in the name and as the agent of the Agency, and the Agency agrees to cooperate with Hartford and Ryan in all respects in any such proceeding at their sole cost and expense.

11. This Agreement is subject to the "recapture provisions" contained in Sections 6, 7 and 8 of the Guaranty, Job Creation, Job Retention and Recapture Agreement dated of even date herewith from Hartford to the Agency (but only during the first (1st) ten (10) Lease Years of the term of the Sublease Agreement). Thereafter, payment of the PILOT Payments shall be as follows:

(a) Hartford shall have no personal liability to the Agency or the Taxing Authorities for payment of the PILOT Payments; provided, however, that the foregoing shall not limit, abridge, impair, void or otherwise affect Hartford's personal liability and obligations to Ryan under the Sublease Agreement to make such PILOT Payments if Hartford should exercise its option to extend the term of the Sublease Agreement;

(b) Following the expiration of the first ten Lease Years of the term of the Sublease Agreement until the last day of February 2023, Ryan as the fee owner of the Facility and associated real property shall be personally liable to the Agency for payment of the PILOT Payments; (provided) however, that Ryan's obligations hereunder may be assigned by Ryan, its successors and assigns in connection with the sale or conveyance of the Facility and associated real property to each Bona Fide Purchaser. In such event, the obligations of Ryan arising or accruing under this PILOT Agreement after an assignment thereof shall be enforceable only against the Bona Fide Purchaser; and Ryan and its successors and assigns shall be entirely freed and relieved of the obligations under this Agreement, provided the same shall be expressly assumed by the Bona Fide Purchaser. As used herein, the term "Bona Fide Purchaser" shall mean any natural person, partnership, corporation, limited liability company, governmental authority or agency and any other public or private legal entity, which is not (i) Controlled by Ryan, its successors or assigns or (ii) a lender holding a security interest in the Facility and associated real property or other lienholder who acquires the Facility and associated real property by foreclosure or by deed in lieu of foreclosure. As used herein, the term "Controlled" shall

mean that the Ryan or its successors or assigns holds at least a fifty-one percent (51%) ownership interest in the Bona Fide Purchaser.

(c) In the event of foreclosure or deed in lieu thereof ~~or~~ if Ryan or its successors or assigns sells or conveys the Facility and associated real property to a person or entity other than a Bona Fide Purchaser, the personal liability of Ryan or its successors or assigns for the payment of the PILOT Payments following such foreclosure, deed in lieu of foreclosure, sale or conveyance shall continue ~~unless~~ the Agency has approved in writing the creditworthiness of such person or entity, which approval shall not be unreasonably withheld or delayed. The Agency agrees to approve or disapprove such request within ten (10) business days following delivery to the Agency of all the financial information reasonably requested by the Agency. Failure to approve or disapprove such request within such period shall be deemed approval. Any notice of disapproval shall set forth the basis on which the request is denied by the Agency.

12. All amounts payable by Hartford, Ryan or its successors and assigns hereunder will be paid to the respective Taxing Authority and will be payable in such lawful money of the United States of America as at the time of payment is legal tender for the payment of public and private debts, including a check payable in such money. The Agency represents and warrants that it has the authority to bind the Taxing Authorities to accept the PILOT Payments in lieu of the Exempt Taxes.

13. If any term or provision hereof should be for any reason held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such term or provision will be deemed separate and independent and the remainder hereof will remain in full force and effect and will not be invalidated, impaired or otherwise affected by such holding or adjudication.

14. This Agreement may not be effectively amended, changed, modified, altered or terminated except by an instrument in writing executed by the parties hereto.

15. All notices, certificates or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, to the Agency or Hartford, as the case may be, addressed as follows:

If to the Agency:

Oneida County Industrial Development Agency
153 Brooks Road
Rome, New York 13441-4105
Attn: David Grow, Vice Chairman

With a Copy to:

Kernan and Kernan, PC

258 Genesee Street #10
Suite 600
Utica, New York 13502
Attention: Michael H. Stephens, Esq.

If to Hartford:
Hartford Fire Insurance Company
One Hartford Plaza
Hartford, CT 06155
Attn: Workplace Resources, HO-2-18

If to Ryan:
Ryan Companies US, Inc.
50 South 10th Street, Suite 300
Minneapolis, MN 55403
Attention: Mark Nordland

provided, that the Agency, Hartford or Ryan may, by notice given hereunder to the other, designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent.

16. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

17. This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Any litigation to enforce the terms of this Agreement shall be maintained exclusively in the Oneida County Supreme Court to the jurisdiction of which court the parties hereby submit.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this **PILOT Agreement** as of the date first above written.

HARTFORD FIRE INSURANCE COMPANY

By: Barbara Hampton
How Barbara Hampton
Its Vice President

RYAN COMPANIES US, INC.

By: _____
Mark Nordland
Its Vice President

ONEIDA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Name: David C. Grow
Title: Vice Chairman

IN WITNESS WHEREOF, the parties have executed this **PILOT Agreement** as of the date first above written.

HARTFORD FIRE INSURANCE COMPANY

By: _____
Barbara Hampton
Its Vice President

RYAN COMPANIES US, INC.

By: _____
Mark Nordland
Its Vice President

ONEIDA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Name: David C. Grow
Title: ~~Vice~~ Chairman

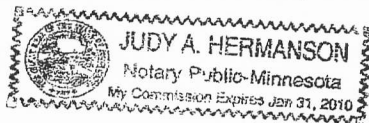
STATE OF CONNECTICUT)
: ss.:
COUNTY OF _____)

On the ___ day of March, 2008 before me the undersigned personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF MINNESOTA)
: ss.:
COUNTY OF HENNEPIN)

On the 13 day of ^{March} ~~February~~, 2008 before me the undersigned personally appeared , **Mark Nordland** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF ONEIDA)

On the 10th day of ^{March} ~~February~~, 2008 before me the undersigned personally appeared **David C. Grow** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public
MICHAEL H. STEPHENS
Notary Public, State of New York
Reg # 02ST6106758
Appointed in Oneida County
My Commission Expires Apr. 19, 20 08

SCHEDULE A

ONEIDA COUNTY
Receiver of Taxes
City Hall
One Kennedy Plaza
Utica, New York 13501
Attn.: City Treasurer

TOWN OF NEW HARTFORD
Hilarie Elefante, Receiver of Taxes
48 Genesee Street
New Hartford, New York 13413

NEW HARTFORD SCHOOL DISTRICT
Hilarie Elefante, Receiver of Taxes
48 Genesee Street
New Hartford, New York 13413