

Exhibit D

TOWN OF ROTTERDAM INDUSTRIAL DEVELOPMENT AGENCY UNIFORM TAX EXEMPTION POLICY

SECTION 1. Purpose and Authority. Pursuant to Section 874(4) of Title One of Article 18-A of the General Municipal Law (the “Act”), the Town of Rotterdam Industrial Development Agency (the “Agency”) is required to establish a uniform tax exemption policy applicable to the provision of any financial assistance of more than one hundred thousand dollars to any project.

SECTION 2. Definitions. All words and terms used herein and defined in the Act shall have the meanings assigned to them in the Act, unless otherwise defined herein or unless the context or use indicates another meaning or intent. The following words and terms used herein shall have the respective meanings set forth below, unless the context or use indicates another meaning or intent:

- (A) “Administrative fee” shall mean a charge imposed by the Agency to an applicant or project occupant for the administration of project.
- (B) “Agency fee” shall mean the normal charges imposed by the Agency on an applicant or a project occupant to compensate the Agency for the Agency’s participating in a project. The term “Agency fee” shall include not only the Agency’s normal Administrative fee, but also may include (1)
- (C) “Applicant” shall mean an applicant for financial assistance.
- (D) “Country” shall mean the County of Schenectady.
- (E) “PILOT” or “Payment in Lieu of Tax” shall mean any payment made to the Agency or an affected tax jurisdiction equal to all or a portion of the real property taxes or other taxes which would have been levied by or on behalf, of an affected tax jurisdiction with respect to a project but for tax exemption obtained by reason of the involvement of the Agency in such project, but such term shall not include Agency fees.
- (F) “School District” shall mean any school district located in the Town.
- (G) “Tax exemption” shall mean any financial assistance granted to a project which is based upon all or a portion of the taxes which would otherwise be levied and assessed against a project but for the involvement of the Agency.
- (H) “Town” shall mean the Town of Rotterdam.

SECTION 3. General Provisions.

- (A) General Policy. The general policy of the Agency is to grant tax exemption as hereinafter set forth to any project which has been or will be financed by the issuance by the Agency of bonds, notes or other evidence of indebtedness with respect thereto.

- (B) Exceptions. The Agency reserves the right to deviate from such policy in special circumstances. In determining whether special circumstances exist to justify such a deviation, the Agency may consider factors which make the project unusual, which factors might include but not be limited to the following factors: (1) the magnitude and/or importance of any permanent private sector job creation and/or retention related to project; (2) whether the affected tax jurisdictions will be reimbursed by the project occupant if the project does not fulfill the purposes for which tax exemption was granted; (3) the impact of the project on existing and proposed businesses and/or economic development projects; (4) the amount of private sector investment generated or likely to be generated by the project; (5) demonstrated public support for the project; (6) the estimated value of the tax exemptions requested; and (7) the extent to which the proposed project will provide needed services and/or revenues to the affected tax jurisdictions. In addition, the Agency may consider the other factors outlined in section 874(4)(a) of the Act.
- (C) Application. No request for a tax exemption shall be considered by the Agency unless an application and environmental assessment form are filed with the Agency on the forms prescribed by the Agency pursuant to the rules and regulations of the Agency. Such application shall contain the information requested by the Agency, including a description of the proposed project and of each tax exemption sought with respect to the project, the estimated value of each tax exemption sought with respect to the project, the proposed financial assistance being sought with respect to the project, and whether such financial assistance is consistent with this part.

SECTION 4. Sales and Use Tax Exemption.

- (A) General. State law provides that purchases of tangible personal property by the Agency or by an agent of the Agency, and purchase of tangible personal property by a contractor for incorporation into or improving, maintaining, servicing or repairing real property of the Agency, are exempt from sales and use taxes imposed pursuant to Article 28 of the Tax Law. The Agency has a general policy of abating sales taxes applicable only to the initial acquisition, construction, reconstruction and/or equipping of each project with respect to which the Agency grants financial assistance. The Agency has no requirement for imposing a payment in lieu of tax arising from the exemption of a project from sales and/or use taxes applicable to the initial acquisition, construction, reconstruction and/or equipping of such project, except (1) as described in subsection (E) below or (2) in the circumstance where (a) a project is offered sales tax exemption on the condition that a certain event (such as the issuance of bonds by the Agency with respect to the project) occur by a certain date and (b) such event does not occur, in which case the Agency may require that the applicant make payments in lieu of sales tax to the New York State Department of Taxation and Finance.
- (B) Period of Exemption. Except as set forth in subsection (A) above, the period of time for which a sales tax exemption shall be effective (the "tax exemption period") shall be determined as follows:
- (1) General. Unless otherwise determined by the Agency, the tax exemption for sales and use taxes shall be for the tax exemption period commencing with the issuance by the Agency of bonds, notes or other evidences of indebtedness with respect to the project and ending on the date of completion of the project.

- (2) Early Commencement. The tax exemption period may, at the discretion of the Agency, commence earlier than the date of issuance by the Agency of the Agency's debt relating to the project or the Agency's involvement in a debt issuance by the applicant, provided that (a) the Agency has complied with the requirements of Section 859-a of the Act, (b) the Agency thereafter adopts a resolution determining to commence such period earlier, (c) the applicant agrees to the conditions of such resolution and supplies to the Agency the materials required to be supplied to the Agency thereunder, and (d) the Chairperson of the Agency acknowledges satisfaction of all conditions to the granting of such tax exemption set forth in such resolution.

Notwithstanding the foregoing, the Agency will not deliver the Tax Letter prior to the date the Agency issues its industrial development revenue bonds or is otherwise involved in a debt issuance by the applicant for the project unless the following conditions are satisfied:

- a. The applicant executes an indemnification agreement whereby the applicant agrees to indemnify the Agency for any liability incurred by the Agency in connection with the project.
- b. The applicant delivers certificates to the Agency evidencing that the indemnification described above is covered by insurance.
- c. The applicant pays one-half of the Agency's administrative fee due in connection with the issuance of the industrial development revenue bonds or the Agency's involvement in a debt issuance by an applicant.
- d. The applicant agrees to keep records regarding the amount of sales and use tax savings realized by the applicant and make such records available to the Agency upon the request of the Agency.
- e. The Tax Letter provides that it will expire one year from the date of its delivery. The Agency will extend the expiration date of the Tax Letter after industrial development revenue bonds are issued for the applicant.

In the event the Agency delivers a Tax Letter prior to the issue date of the industrial development revenue bonds or the date that the Agency is otherwise involved in a debt issuance by the applicant, and such bonds and such debt of the applicant are not issued within one year from the delivery date of the Tax Letter, the Agency will take the following actions:

- a. Advise the applicant that the Tax Letter has expired and, further, that the applicant must pay all sales and use tax savings realized by the applicant to the appropriate New York State office.
- b. Obtain from the applicant the written records describing the sales and use tax savings realized by the applicant.
- c. Notify the New York State Department of Taxation and Finance that the applicant owes New York State certain sales and use taxes and deliver to New York State the copies of the written records described above.
- d. In the event the applicant pays the sales and use tax savings realized by the applicant to the appropriate New York State office, the Agency will refund to the

applicant the portion of the Agency's administrative fee paid in connection with the delivery of the Tax Letter.

In the event that the applicant has not complied with the laws of the State of New York as they apply to the payment of sales taxes, the Agency hereby declares that the Agency is not responsible for insuring such compliance and enforcement, and that the responsibility to ensure such compliance and enforcement is under the Jurisdiction of the New York State Department of Taxation and Finance, Tax Compliance Bureau.

- (3) Normal Termination. The tax exemption period will normally end upon the completion of the project. On construction projects, the parties shall agree on the estimated date of completion of the project, and the tax exemption shall cease on the earlier of (a) the actual date of completion of the project or (b) the date which is six (6) months after the estimated date of such project. On non-construction project, the parties shall agree on the estimated date of completion of the project, and the tax exemption shall cease on the earlier of (a) the actual date of completion of the project or (b) the date which is three (3) months after the estimated date of completion of the project. If the Agency and the applicant shall fail to agree on the date for completion of the project, the Agency shall on notice to the applicant make the determination on the basis of available evidence.
 - (4) Later Termination. The Agency, for good cause shown, may adopt a resolution extending the period for completion of the project and/or extending the tax exemption period.
- (C) Items Exempted. The sales and use tax exemption granted by the Agency shall normally extend only to the following items acquired during the tax exemption period described in subsection (B) above.
- (1) items incorporated into the real property;
 - (2) tangible personal property including furniture, furnishings and equipment used to initially equip the project or otherwise forming part of the project, if purchase as agent of the Agency;
 - (3) the rental of tools and other items necessary for the construction, reconstruction and/or equipping of the project, if rented as agent of the Agency; and
 - (4) office supplies, fuel and similar items consumed in the process of acquiring, constructing, reconstructing and/or equipping the project, if purchased as agent of the Agency.
- (D) Items Not Exempted. A sales and use tax exemption shall not be granted for the following:
- (1) purchases occurring beyond the tax exemption period described in subsection (B) above;
 - (2) repairs, replacements or renovations of the project, unless such repairs, replacements or renovations constitute major capital-type expenses approved by the Agency as a separate project in the manner contemplated by the Act; or
 - (3) operating expenses, unless such operating expenses constitute major capital-type expenses approved by the Agency as a separate project in the manner contemplated by the Act.

- (E) Percentage of Exemption. Unless otherwise determined by resolution of the Agency, the sales and use tax exemption shall be equal to one hundred percent (100%) of the sales and/or use taxes that would have been levied if the project were not exempt by reason of the Agency's involvement in the project. If an exemption of less than one hundred percent (100%) is determined by the Agency, then the applicant shall be required to pay a PILOT to the Agency equal to the applicable percentage of sales and/or use tax liability not being abated. The Agency shall remit such PILOT within thirty (30) days of receipt by the Agency to the affected tax jurisdictions in accordance with Section 874(3) of the Act.
- (F) Confirmation Letter. The final act of granting a sales and/or use tax exemption by the Agency shall be confirmed by the execution by an authorized officer of the Agency of a confirmation letter by the Agency. Such confirmation letter shall be in the one form (where the exemption is permanent, because the Agency is satisfied that any conditions precedent to such tax exemption, such as the issuance of bonds by the Agency, have been satisfied) or another form (where such exemption is tentative, because there remain conditions precedent to such tax exemption which have not been satisfied). Each such confirmation letter shall describe the scope and term of the sales and use tax exemption being granted.
- (G) Required Filings. The New York State Department of Taxation and Finance requires that proper forms and supporting materials be filed with a vendor to establish a purchaser's entitlement to a sales tax exemption. For example, TSB-M-87(7) outlines the materials that must be filed to establish entitlement to sales tax exemption as "agent" of the Agency. It is the responsibility of the applicant and/or project occupant to ensure that the proper documentation is filed with each vendor to obtain any sales tax exemptions authorized by the Agency.
- (H) Required Reports and Records. Pursuant to Section 874(8), the applicant and/or project occupant is required to annually file with the New York State Department of Taxation and Finance a statement of the value of all sales and use tax exemptions claimed under the Act by the applicant and/or the project occupant and/or all agents, subcontractors and consultants thereof. The project documents shall require that (1) a copy of such statement will also be filed with the Agency and (2) that the project occupant shall maintain, for a period ending seven (7) years after the last purchase made under the sales and use tax exemption, and make available to the Agency at the request of the Agency, detailed records which shall show the method of calculating the sales and use tax exemption benefit granted by the Agency.

SECTION 5. Mortgage Recording Tax Exemption.

- (A) General. State law provides that mortgages recorded by the Agency are exempt from mortgage recording taxes imposed pursuant to Article II of the Tax Law. The Agency has a general policy of abating mortgage recording taxes for the initial financing obtained from the Agency with respect to each project with respect to which the Agency issues debt or is otherwise involved with the applicant's issuance of debt which will be secured by a mortgage upon real property. In instances where the initial financing commitment provides for a construction financing of the Agency to be replaced by a permanent financing of the Agency immediately upon the completion of the project, the Agency's general policy is to abate the mortgage recording tax on both the construction financing and the permanent financing.

- (B) Refinancing. In the event that the Agency retains title to a project, it is the general policy of the Agency to abate mortgage recording taxes on any debt issued by the Agency for the purpose of refinancing prior debt issued by the Agency, and on any modifications, extensions and renewals thereof, so long as the Agency fees relating to same have been paid.
- (C) Non-Agency Projects. In the event that the Agency does not hold title to a project, it is the policy of the Agency not to join in a mortgage relating to that project and not to abate any mortgage recording taxes relating to that project.
- (D) Non-Agency Financing. Occasionally, a situation will arise where the Agency holds title to a project, the project occupant needs to borrow money for its own purposes (working capital, for example), and the lender will not make the loan to the project occupant without obtaining a fee mortgage as security. In such instances, the policy of the Agency is to consent to the granting of such mortgage and to join in such mortgage, so long as the following conditions are met:
- (1) the documents relating to such proposed mortgage make it clear that the Agency is not liable on the debt, and that any liability of the Agency on the mortgage is limited to the Agency's interest in the project;
 - (2) the granting of the mortgage is permitted under any existing documents relating to the project, and any necessary consents relating thereto have been obtained by the project occupant; and
 - (3) the payment, of the Agency fee relating to same.
- (E) Exemption Affidavit. The act of granting a mortgage recording tax exemption by the Agency is confirmed by the execution by an authorized officer of the Agency of an exemption affidavit relating thereto.
- (F) PILOT Payments. If the Agency is a party to a mortgage that is not to be granted a mortgage recording tax exemption by the Agency (a "non-exempt mortgage"), then the applicant and/or project occupant or other person recording same shall pay the same mortgage recording taxes with respect to same as would have been payable had the Agency not been a party to said mortgage (the "normal mortgage tax"). Such mortgage recording taxes are payable to the County Clerk of the County, who shall in turn distribute same in accordance with law. If for any, reason a non-exempt mortgage is to be recorded and the Agency is aware that such non-exempt mortgage may for any reason be recorded without the payment of the normal mortgage tax, then the Agency shall prior to executing such non-exempt mortgage collect a PILOT equal to the normal mortgage tax and remit same within thirty (30) days of receipt by the Agency to the affected tax jurisdiction in accordance with Section 874(3) of the Act.

SECTION 6. Real Estate Transfer Taxes.

- (A) Real Estate Transfer Tax. Article 31 of the Tax Law provided for the imposition of a tax upon certain real estate transfers. Section 1405(b)(2) of the Tax Law provided that transfers into the Agency are exempt from such tax, and the New York State Department of Taxation and Finance has ruled that transfers of property by the Agency back to the same entity which transferred such property to the Agency are exempt from such tax. The general policy of the Agency is to impose no payment in lieu of tax upon any real estate transfers to or from the Agency.
- (B) Required Filings. It shall be the responsibility of the applicant and/or project occupant to ensure that all documentation necessary relative to the real estate, transfer tax and the real estate transfer gains tax are timely filed with the appropriate officials.

SECTION 7. Real Estate Tax Exemption.

- (A) General. Pursuant to Section 874 of the Act and Section 412-a of the Real Property Tax Law, property owned by or under the jurisdiction or supervision or control of the Agency is exempt from general real estate taxes (but not exempt from special assessments are special ad valorem levies). However, it is the general policy of the Agency that, notwithstanding the foregoing, every non-governmental project will be required to enter into a payment in lieu of tax agreement (a “PILOT Agreement”), either separately or as part of the project documents. Such PILOT Agreement shall require payment of PILOT payments in accordance with the provisions set forth below.
- (B) PILOT Requirement. Unless the applicant and/or project occupant and the Agency shall have entered into a PILOT Agreement acceptable to the Agency, the project documents shall provide that the applicant and/or the project occupant shall be required to make PILOT payments in such amounts as would result from taxes being levied on the project by the taxing jurisdictions if the project were not owned by or under the jurisdiction or supervision or control of the Agency. The project documents shall provide that, if the Agency and the applicant and/or project occupant have entered into a PILOT Agreement, the terms of the PILOT Agreement shall control the amount of PILOT payments until the expiration or sooner termination of such agreement.
- (C) PILOT Agreement. Unless otherwise determined by resolution of the Agency, all PILOT Agreements shall satisfy the following general conditions:
 - (1) Amount of Abatement: The general policy of the Agency is to provide the applicant and/or project occupant with the abatement described in Exhibit A attached hereto and made a part hereof
 - (2) Special District Taxes. As indicated above, the Agency, is not exempt from special assessments and special ad valorem levies, and accordingly these amounts are not subject to abatement by reason of ownership of the Project by the Agency. The PILOT Agreement shall make this clear and shall require that all such amounts be directly paid by the applicant and/or project occupant.
 - (3) Payee. Unless otherwise determined by resolution of the Agency, all PILOT payments payable to an affected tax jurisdiction shall be assessed, billed and collected directly by the same officials which assess, bill and collect normal taxes levied by such affected tax jurisdiction. Pursuant to Section 874(3) of the Act,

such PILOT payments shall be remitted to each affected tax jurisdiction within thirty (30) days of receipt.

(4) Enforcement. An affected tax jurisdiction which has not received a PILOT payment due to it under a PILOT Agreement may exercise its remedies under Section 874(6) of the Act. In addition, such affected tax jurisdiction may petition the Agency to exercise whatever remedies that, the Agency may have under the project documents to enforce payment and, if such affected tax jurisdiction indemnifies the Agency and agrees to pay the Agency's costs incurred in connection therewith, the Agency may take action to enforce the PILOT Agreement.

(D) Required Filings. As indicated in subsection (B) above, pursuant to Section 874 of the Act and Section 412-a of the Real Property Tax Law, no real estate tax exemption with respect to a particular project shall be effective until an exemption form is filed with the assessor of each county, city, town, village and school district in which such project is located (each, a "Taxing Jurisdiction"). Once an exemption form with respect to a particular project is filed with a particular Taxing Jurisdiction, the real property tax exemption for such project does not take effect until (1) a tax status date for such Taxing Jurisdiction occurs subsequent to such filing, (2) an assessment roll for such Taxing Jurisdiction is finalized subsequent to such tax status date, (3) such assessment roll becomes the basis for the preparation of a tax roll for such Taxing Jurisdiction, and (4) the tax year to which such tax roll relates commences.

(E) Real Property Appraisals. Since the policy of the Agency stated in subsection (C)(1) is to base the value of a project for payment in lieu of tax purposes on a valuation of such project performed by the Assessor of the applicable Taxing Jurisdiction, normally a separate real property appraisal is not required. However, the Agency may require the submission of a real property appraisal if (1) the assessor of any particular Taxing Jurisdiction required one or (2) if the valuation of the project for payment in lieu of tax purposes, is based on a value determined by the applicant or by someone acting on behalf of the applicant, rather than by an assessor for a Taxing Jurisdiction or by the Agency. If the Agency requires the submission of a real property appraisal, such appraisal shall be prepared by an independent MAI certified appraiser acceptable to the Agency.

SECTION 8. Procedures for deviation.

(A) General. In the case where the Agency shall determine that any policy of the Agency as herein established is inappropriate or unfair, the Agency may determine:

(1) the amount of the tax exemption, the amount and nature of the PILOT, the duration of the exemption and of the PILOT and whether or not an exemption of any kind shall be granted and shall impose such terms and conditions as shall be just and proper, and

- (2) the Agency shall give written notice of the proposed deviation from the policy set forth herein to each affected Taxing Jurisdiction setting forth the terms and conditions of the deviation and the reasons therefore. Such notice to the affected Taxing Jurisdiction shall be given to the chief executive officer of each affected Taxing Jurisdiction at least thirty (30) days prior to the meeting of the Agency at which time the Agency shall consider whether to approve such deviation. Prior to taking any final action on a proposed deviation, the Agency shall review any correspondence received from any affected Taxing Jurisdiction regarding the proposed deviation and allow any representative of the affected tax jurisdiction present at such meeting to address the Agency regarding the proposed deviation.
- (B) Troubled Projects. Where a project is owned and operated by the Agency or has been acquired by the Agency for its own account after a failure of a project occupant, the project shall at the option of the Agency be exempt from all taxes in accordance with law.
- (C) Unusual Projects. Where a project is unusual in nature and requires special considerations related to its successful operations as demonstrated by appropriate evidence presented to the Agency, the Agency shall consider the granting of a deviation from the established exemption policy in accordance with the procedures provided in the title. The Agency may authorize a minimum PILOT or such other arrangement as may be appropriate.

SECTION 9. Annual Review of Policies.

- (A) General. At least annually, the Agency shall review its tax exemption policies to determine relevance, compliance with law, effectiveness, and shall adopt any modifications or changes that it shall deem appropriate. Unless otherwise provided by resolution, such annual review shall take place at the regular December meeting of the Agency, notice for comments on such policies shall be circulated as provided by law for input from affected Taxing Jurisdictions, and adoption of any changes shall take effect not less than 10 days thereafter. The Chairperson shall be responsible for conducting an annual review of the tax exemption policy and for an evaluation of the internal control structure established to ensure compliance with the tax exemption policy which shall be submitted to the Agency for approval. The thirty (30) day comment period shall not apply to the adoption of the original policies of the Agency which said policies shall become effective as herein provided.

EXHIBIT A

The policy of the Town of Rotterdam Industrial Development Agency (the “Agency”) in respect to payments in lieu of real estate taxes (“PILOTS”) of projects financed through bonds issued by the Agency shall be:

Upon completion of the project, the PILOT shall be computed by annually taking the mill levy rate for each jurisdiction (County, Town and School District) and multiplying it against a percentage of the assessed valuation as follows:

Manufacturing and Office Building Projects:

Year 1	20%
Year 2	25%
Year 3	30%
Year 4	35%
Year 5	40%
Year 6	50%
Year 7	55%
Year 8	60%
Year 9	65%
Year 10	70%
Year 11	75%
Year 12	80%
Year 13	85%
Year 14	90%
Year 15	95%
Year 16	100%

Warehousing/Distribution Projects:

Year 1	40%
Year 2	45%
Year 3	50%
Year 4	55%
Year 5	60%
Year 6	65%
Year 7	70%
Year 8	75%
Year 9	80%
Year 10	85%
Year 11	90%
Year 12	95%
Year 13	100%

Retail Projects*:

Year 1	50%
Year 2	55%
Year 3	60%
Year 4	65%
Year 5	70%
Year 6	75%
Year 7	80%
Year 8	85%
Year 9	95%
Year 10	100%

* To the extent permissible under the General Municipal Law.