

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**AND**

**360 MIDDLETOWN HOLDING LLC**

**AND**

**13<sup>TH</sup> AVENUE FISH MARKET INC.**

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**TAX AGREEMENT**

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**Dated as of December 1, 2019**

**Premises:**

360 Crystal Run Road in the Town of Wallkill  
Orange County, New York

**Tax Map Parcel No.:**

60-1-122

**Affected Tax Jurisdictions:**

Orange County  
Town of Wallkill  
Goshen Central School District

## TAX AGREEMENT

THIS **TAX AGREEMENT**, dated as of the 1<sup>st</sup> day of December, 2019 (the "Tax Agreement"), is by and between the **ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation duly existing under the laws of the State of New York with offices located at Orange County Business Accelerator, 4 Crotty Lane, Suite 100, New Windsor, New York 12553 (the "Agency"), **360 MIDDLETOWN HOLDING LLC**, a limited liability company formed and validly existing under the laws of the State of New York, with offices at 360 Crystal Run Road, Middletown, New York 10940 (the "Company") and **13<sup>TH</sup> AVENUE FISH MARKET INC.**, a corporation duly organized and validly existing under the laws of the State of New York, with offices at 4301 15<sup>th</sup> Avenue, Brooklyn, New York 11219 (herein, the "Tenant").

### WITNESSETH:

WHEREAS, the Agency was created by Chapter 390 of the Laws of 1972 of the State of New York pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York (collectively, the "Act") as a body corporate and politic and as a public benefit corporation of the State of New York (the "State"); and

WHEREAS, the Company has submitted an application (the "Application") to the Agency requesting the Agency's assistance with respect to a certain project (the "Project") consisting of: (A) the acquisition by the Agency of a leasehold interest in an approximately 7.8±-acre parcel of land located at 360 Crystal Run Road in the Town of Wallkill, Orange County, New York (the "Land"), together with the existing approximately 31,534 square-foot warehouse building thereon (the "Existing Improvements"); (B) the renovation and reconstruction of the Existing Improvements to house the expanded Freund's Fish Market production line and scope of distribution, to be implemented in six (6) phases, including, but not limited to, (i) kosher Japanese food products, (ii) raw fish production, (iii) gefilte fish production, (iv) breeding machinery, (v) wholesale appetizing products, and (vi) frozen foods (collectively, the "Improvements"); and (C) the acquisition in and around the Improvements of certain items of equipment, machinery and other tangible personal property (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, construct and equip the Facility, the Agency is willing to take a leasehold interest in the Land, the Existing Improvements, the Improvements, the Equipment and personal property constituting the Facility pursuant to the terms and conditions of a certain Lease Agreement, dated as of the date hereof (the "Lease Agreement"), and lease said Land, Existing Improvements, Improvements, Equipment and personal property back to the Company pursuant to the terms and conditions of a certain Leaseback Agreement, dated as of the date hereof (the "Leaseback Agreement"); and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from the payment of taxes imposed upon real property and improvements owned by it or under its jurisdiction, control or supervision, other than special ad valorem levies, special assessments and service charges against real property which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provisions for payments in lieu of taxes by the Company to the Agency for the benefit of Orange County (the "County"), the Town of Wallkill (the "Town") and the Goshen Central School District (the "School District"; and, collectively with the County and the Town, the "Affected Tax Jurisdictions").

NOW, THEREFORE, in consideration of the covenants herein contained, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

Section I - Payment in lieu of Ad Valorem Taxes:

Section 1.1 A. Subject to the completion and filing by the taxable status date (**March 1, 2020**) (the "Taxable Status Date") of New York State Form RP-412-a Application For Real Property Tax Exemption (the "Exemption Application") under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act and the approval of the Exemption Application by the appropriate assessors or Board of Assessment Review, the Facility shall be exempt from Real Estate Taxes commencing with the **2020/2021** School District fiscal tax year and the **2021** County and Town calendar tax year. For purposes of the foregoing "Real Estate Taxes" means all general levy real estate taxes levied against the Facility by the Affected Tax Jurisdictions, including any School District library taxes that would have been levied by the School District on behalf of the library if the project was not deemed exempt. The Company shall provide to the Agency with the information necessary for the completion and filing of the Exemption Application and shall provide such additional information and take such actions as are required by the appropriate assessors or Board of Assessment Review to process and approve the Exemption Application. Notwithstanding anything contained herein or in the Leaseback Agreement to the contrary, in the event the exemption from Real Estate Taxes is denied for any reason, the Company shall pay (and hereby agrees to pay) all Real Estate Taxes levied upon the Facility as they become due. After giving written notice to the Agency, the Company may in good faith contest 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 in it would be in any danger of being sold, forfeited or lost; or (iii) neither the Company nor the Agency, as a result of such contest, shall be in any danger of any civil or criminal liability. The Company hereby waives any claim or cause of action against the Agency, and releases the Agency from any liability to the Company, arising from the denial of an exemption from Real Estate Taxes except to the extent that such denial results solely from the failure of the Agency to file the Exemption Application with the appropriate assessors or Board of Assessment Review by the Taxable Status Date.

B. Agreement to Make Payments. The parties agree and acknowledge that payments made under this Tax Agreement 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. The Company and/or the Tenant (jointly and severally) shall pay annually to the Affected Tax Jurisdictions as a payment in lieu of taxes (i) on or before September 1 of each calendar year for School District taxes and (ii) on or before January 1 of

each calendar year for County and Town taxes, an amount equal to the Total Tax Payment (as described on **Schedule A** attached hereto, and in accordance with the other provisions set forth in this Tax Agreement). The first such Total Tax Payments shall be due on **September 1, 2020** and **January 1, 2021**, respectively, and on each September 1 and January 1 thereafter for the term of this Tax Agreement. Upon the expiration of this Tax Agreement, the Company shall pay the County, Town and School District tax bills in the amounts and on the dates when due as if the Agency were not in title.

1.2 Allocation. The Agency 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 Agency'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 Tax Payment among the Affected Tax Jurisdictions, the Agency shall use the last tax rate utilized for levy of taxes by each such jurisdiction. For the County, the Town and special district purposes, the tax rates used to determine the allocation of the Total Tax Payment shall be the tax rates relating to the calendar year which includes the Tax Payment due date. For School District and School District library purposes, the tax rates used to determine the Tax Payment shall be the rates relating to the School District year which includes the Tax 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 Tax Agreement, the Company shall notify the Agency of such future addition ("Future Addition"). The notice to the Agency shall contain a copy of the application for a building permit, plans and specifications, and any other relevant information that the Agency may thereafter request. 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 Tax Payment. The Agency shall notify the Company of any proposed increase in the Total Tax Payment related to such Future Addition. If the Company shall disagree with the determination of assessed value for any Future Additions made by the Agency, then and in that event that valuation shall be fixed by a court of competent jurisdiction. Notwithstanding any disagreement between the Company and the Agency, the Company shall pay the increased Tax payment until a different Total Tax Payment shall be established. If a lesser Total Annual Payment is determined in any proceeding or by subsequent agreement of the parties, the Total Tax Payment shall be re-computed and any excess payment shall be refunded to the Company or, in the Agency's sole discretion, such excess payment shall be applied as a credit against the next succeeding Tax Payment(s).

1.5 Period of Benefits. The tax benefits provided for herein should be deemed to include (i) the **2020/2021** School District fiscal tax year through the **2029/2030** School District fiscal tax year and (ii) the **2021** County and Town calendar tax year through the **2030** County and Town calendar tax year. This Tax Agreement shall expire on **December 31, 2030**; provided, however, the Company shall pay the **2030/2031** School District tax bill and the **2031** County and Town tax bills on the due dates and in the amounts as if the Agency were not in title on the tax status date with respect to said tax years. In no event shall the Company be entitled to receive

tax benefits relative to the Facility for more than the periods provided for herein, unless the period is extended by amendment to this Tax 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 years elapsed under the Leaseback Agreement), supersede and are in substitution of the exemptions provided by Section 485-b 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.

## Section III - Transfer of Facility.

3.1 In the event that the Facility is transferred from the Agency to the Company (the Lease/Leaseback Agreements are terminated), 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 hereof, or this Tax 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 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 and 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, with respect to any proposed assessment or change in assessment with respect to the Facility by any of the Affected Tax Jurisdictions and likewise shall be entitled to protest before and be heard by the appropriate assessors or Board of Assessment Review, and shall be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment or the validity or amount of any tax equivalent provided for herein.

4.2 The Company shall have all of the rights and remedies of a taxpayer with respect to any tax, service charge, special benefit, ad valorem levy, assessment, or special assessment or service charge in lieu of which the Company is obligated to make a payment pursuant to this Tax Agreement, as if and to the same extent as if the Company were the owner of the Facility.

4.3 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 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 Leaseback Agreement after any applicable cure periods. Upon the occurrence of any Event of Default hereunder, in addition to any other right or remedy the Agency and/or the Affected Tax Jurisdictions may have at law or in equity, the Agency and/or Affected Tax Jurisdictions may, immediately and without further notice to the Company (but with notice to the Agency with respect to actions maintained by the Affected Tax Jurisdictions) pursue any action in the courts to enforce payment or to otherwise recover directly from the Company any amounts so in default. The Agency and the Company hereby acknowledge the right of the Affected Tax Jurisdictions to recover directly from the Company any amounts so in default pursuant to Section 874(6) of the General Municipal Law and the Company shall immediately notify the Agency of any action brought, or other measure taken, by any Affected Tax Jurisdiction to recover any such amount.

6.2 If payments pursuant to Section I hereof 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 hereof, if said payment is not received by the Delinquency Date defined in Section 6.1 hereof, 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, the 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 Tax Agreement may be assigned by the Company, nor shall any person other than the Company be entitled to succeed to or otherwise

obtain any benefits of the Company hereunder without the prior written consent of the Agency, which shall not be unreasonably withheld or delayed.

Section VIII - Miscellaneous.

8.1 This Tax 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 Agency: Orange County Industrial Development Agency  
Orange County Business Accelerator  
4 Crotty Lane, Suite 100  
New Windsor, New York 12553  
Attn: Laurie Villasuso, Chief Operating Officer and  
Executive Vice President

With a copy to: Kevin T. Dowd, Esq.  
Attorney – Orange County IDA  
46 Daisy Lane  
Montgomery, New York 12549

And to: Harris Beach PLLC  
99 Garnsey Road  
Pittsford, New York 14534  
Attn: Russell E. Gaenzle, Esq.

To the Company: 360 Middletown Holding LLC  
360 Crystal Run Road  
Middletown, New York 10940  
Attn: Tzvi Freund, Member

To the Tenant: 13<sup>th</sup> Avenue Fish Market Inc.  
4301 15<sup>th</sup> Avenue  
Brooklyn, New York 11219  
Attn: Tzvi Freund, Partner

With a copy to: Billig Loughlin & Silver, LLP  
461 Broadway  
P.O. Box 1447  
Middletown, New York 12701  
Attn: Jacob Billig, 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 Tax Agreement shall be governed by, and all matters in connection herewith shall be construed and enforced in accordance with, the laws of the State of New York applicable to agreements executed and to be wholly performed therein and the parties hereto hereby agree to submit to the personal jurisdiction of the Federal or state courts located in Orange County, New York.

8.4 Notwithstanding any other term or condition contained herein, all obligations of the Agency hereunder shall constitute a special obligation payable solely from the revenues and other monies, if any, derived from the Facility and paid to the Agency by the Company. None of the members of the Agency nor any person executing this Tax Agreement on its behalf shall be liable personally under this Tax Agreement. No recourse shall be had for the payment of the principal or interest on amounts due hereunder or for any claim based upon or in respect of any modification of or supplement hereto against any past, present or future member, officer, agent, servant, or employee, as such, of the Agency, or of any successor or political subdivision, either directly or through the Agency or any such successor, all such liability of such members, officer, agents, servants and employees being, to the extent permitted by law, expressly waived and released by the acceptance hereof and as part of the consideration for the execution of this Tax Agreement.

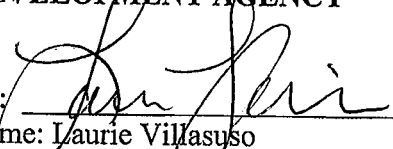
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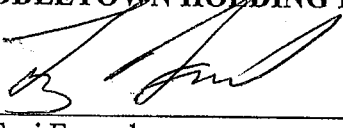
[Signature Page to Tax Agreement]

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

**ORANGE COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY**

By:   
Name: Laurie Villasuso  
Title: Chief Operating Officer and  
Executive Vice President

**360 MIDDLETOWN HOLDING LLC**

By:   
Name: Tzvi Freund  
Title: Member

**13<sup>TH</sup> AVENUE FISH MARKET INC.**

By:   
Name: Tzvi Freund  
Title: Partner

**SCHEDULE A**  
**TO**  
**TAX AGREEMENT**  
**DATED AS OF DECEMBER 1, 2019**  
**BY AND BETWEEN**  
**THE ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY,**  
**360 MIDDLETOWN HOLDING LLC**  
**AND**  
**13<sup>TH</sup> AVENUE FISH MARKET INC.**

"Total Tax Payment" shall be in the amounts as follows:

<u>Tax Year</u>	<u>County and Town Tax Year</u>	<u>School District<sup>1</sup> Tax Year</u>	<u>Total Tax Payment</u>
Year 1	2021	2020/2021	\$8,814.89
Year 2	2022	2021/2022	\$12,194.98
Year 3	2023	2022/2023	\$15,575.06
Year 4	2024	2023/2024	\$18,955.15
Year 5	2025	2024/2025	\$22,335.24
Year 6	2026	2025/2026	\$25,715.32
Year 7	2027	2026/2027	\$29,095.41
Year 8	2028	2027/2028	\$32,475.50
Year 9	2029	2028/2029	\$35,855.58
Year 10	2030	2029/2030	\$39,235.67

After Year 10, the Project Facility shall be subject to full taxation by the affected taxing jurisdictions.

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<sup>1</sup> The applicable tax rate for the School District shall include School District library taxes that would have been levied by the School District if the project were not deemed tax exempt.



NYS BOARD OF REAL PROPERTY SERVICES

RP-412-a (1/95)

INDUSTRIAL DEVELOPMENT AGENCIES  
APPLICATION FOR REAL PROPERTY TAX EXEMPTION  
(Real Property Tax Law, Section 412-a and General Municipal Law, Section 874)

1. **INDUSTRIAL DEVELOPMENT AGENCY (IDA)**

Name Orange County Industrial Development Agency  
Street 4 Crotty Lane, Suite 100  
City New Windsor, New York 12553  
Telephone no. Day (845) 234-4192  
Evening ( )  
Contact Laurie Villasuso  
Title COO & Executive VP

2. **OCCUPANT (IF OTHER THAN IDA)**  
(If more than one occupant attach separate listing)

Name 360 Middletown Holding LLC  
Street 360 Crystal Run Road  
City Middletown, New York 10940  
Telephone no. Day (718) 438-3773  
Evening ( )  
Contact Solomon Getz  
Title Controller

3. **DESCRIPTION OF PARCEL**

- a. Assessment roll description (tax map no./roll year) 060.000-0001-122
- b. Street address 360 Crystal Run Road
- c. City, Town or Village Wallkill (Town)
- d. School District Goshen CSD
- e. County Orange
- f. Current assessment \$271,700
- g. Deed to IDA (date recorded; liber and page) Lease Agreement, a Memorandum of which was recorded on or about December 27, 2019.

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

- a. Brief description (include property use) renovation of an existing approx. 31,534 sq. ft. building  
future development
- b. Type of construction
- c. Square footage 31,534 sq. ft.
- d. Total cost \$5,200,000+/-
- e. Date construction commenced Winter 2019/20
- f. Projected expiration of exemption (i.e. date when property is no longer possessed, controlled, supervised or under the jurisdiction of IDA) See Attached Tax Agreement

5. **SUMMARIZE AGREEMENT (IF ANY) AND METHOD TO BE USED FOR PAYMENTS TO BE MADE TO MUNICIPALITY REGARDLESS OF STATUTORY EXEMPTION**

(Attach copy of the agreement or extract of the terms relating to the project).

- a. Formula for payment See Attached Tax Agreement

- b. Projected expiration date of agreement See Attached Tax Agreement

c. Municipal corporations to which payments will be made

	Yes	No
County <u>Orange</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Town/City <u>Wallkill (Town)</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Village _____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
School District <u>Goshen CSD</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

d. Person or entity responsible for payment

Name 360 Middletown Holding LLC  
 Title \_\_\_\_\_  
 Address 360 Crystal Run Road  
Middletown, New York 10940

e. Is the IDA the owner of the property? Yes ☒ No (circle one)  
 If "No" identify owner and explain IDA rights or interest in an attached statement. The IDA has a leasehold interest in the property.

Telephone 718-438-3773

6. Is the property receiving or has the property ever received any other exemption from real property taxation? (check one) Yes ☐ No ☒

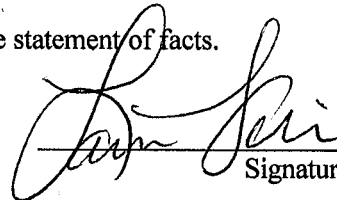
If yes, list the statutory exemption reference and assessment roll year on which granted:  
 exemption Section 874 of NYS GML assessment roll year \_\_\_\_\_

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

**CERTIFICATION**

I, Laurie Villasuso, COO & Executive VP of  
 Name Title  
Orange County Industrial Development Agency hereby certify that the information  
 Organization  
 on this application and accompanying papers constitutes a true statement of facts.

\_\_\_\_\_  
 Date

  
 Signature

**FOR USE BY ASSESSOR**

1. Date application filed \_\_\_\_\_
2. Applicable taxable status date \_\_\_\_\_
- 3a. Agreement (or extract) date \_\_\_\_\_
- 3b. Projected exemption expiration (year) \_\_\_\_\_
4. Assessed valuation of parcel in first year of exemption \$ \_\_\_\_\_
5. Special assessments and special as valorem levies for which the parcel is liable:  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Assessor's signature