

CREE, INC.

and

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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PAYMENT-IN-LIEU-OF-TAX AGREEMENT

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Oneida County Industrial Development Agency  
2020 Real Estate Lease  
(Cree, Inc. Facility)

Oneida County, Town of Marcy, Whitesboro Central School District,  
Maynard Fire District and Dunham Public Library

Tax Account Nos.: (Portion of) 293.00-1-48.1 and 293.00-1-48.2

## PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT (this "Agreement"), dated as of May 22, 2020, is by and between **CREE, INC.**, a North Carolina corporation having an office at 4600 Silicon Drive, Durham, North Carolina 27703 (the "Company") 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 584 Phoenix Drive, Rome, New York 13441 (the "Agency").

### W I T N E S S E T H:

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, the Company has requested the Agency assist in the (i) acquisition of an interest in a 55.25± acre parcel of land situate at Edic Road in the Town of Marcy, Oneida County, New York (the "Land"), (ii) construction on the Land of three buildings with 656,100± square feet of floor area consisting of (a) a three-story general administrative building containing approximately 75,000 square feet of administrative office space; (b) a three level, 200 mm SiC cleanroom with approximately 100,000 to 135,000 gross square feet of cleanroom space; (c) a central utility building with approximately 70,000 square feet of space; (d) a bulk gas yard consisting of approximately 30,000 square feet and an electrical service yard consisting of approximately 60,000 square feet; (e) a warehouse building containing approximately 35,000 square feet of space; and (f) all associated site utilities and related improvements including but not limited to: driveways, interior access roads, sidewalks, parking lots, landscaping and signage (collectively, the "Improvements"); and (iii) acquisition and installation of furniture, fixtures and equipment in the Improvements (the "Equipment"), all for the purpose of providing a state of the art wafer fabrication plant to support the substantial growth of the Company in its target markets (the Land, the Improvements and the Equipment is referred to collectively as the "Facility" and the construction, renovation and equipping of the Improvements is referred to as the "Project"); and

WHEREAS, The People of the State of New York, acting by and through the State University of New York ("SUNY"), owns in fee a 53.76± acre portion of the Land (the "State Land") and leases the State Land to Fort Schuyler Management Corporation ("FSMC") pursuant to an Amended and Restated Ground Lease dated as of May 1, 2010, as has been or may be amended from time to time (the "First Ground Lease"); and

WHEREAS, FSMC has ground subleased or will ground sublease the State Land to Economic Development Growth Enterprises Corporation ("EDGE") pursuant to a Ground Sublease dated May 22, 2020, as may be amended from time to time (the "Second Ground Sublease"); and

WHEREAS, EDGE owns in fee a 1.49± acre portion of the Land (the "EDGE Land"); and

WHEREAS, EDGE has leased and/or sub-subleased or will lease and/or sub-sublease the Land to the Company pursuant to a Ground Sublease dated May 22, 2020, as may be amended from time to time (the "Third Ground Sublease"); and

WHEREAS, the Company will sublease the Facility to the Agency, pursuant to Article 18-A of the General Municipal Law of the State of New York and Chapter 372 of the Laws of 1970 of the State of New York, as may be amended from time to time (collectively, the "Act") and the Agency will lease the Facility back to the Company pursuant to a Leaseback Agreement dated as of May 22, 2020 (the "Leaseback Agreement"); and

WHEREAS, the Agency has agreed to acquire an interest in the Facility in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, EDGE has agreed to finance a portion of the costs of the Facility by undertaking certain site work in furtherance of the Project (the "EDGE Project Related Debt"); and

WHEREAS, NBT Bank, National Association (the "Bank"), together with a consortium of other lenders to be identified at a later date (collectively, the "EDGE Lenders," and together with the Bank, collectively, the "Lenders") have agreed to finance the EDGE Project Related Debt by extending one or more loans to EDGE in the principal sum of up to \$9,250,000.00, to be secured by one or more mortgages and/or other documents deemed necessary by the Lenders to secure their respective interests (the "Lenders' Financing Documents") from the Agency and the Company to the Agency and/or the Lenders; and

WHEREAS, the SUNY Land and the EDGE Land have been exempt from real property taxes, general property taxes, general school district taxes, general assessments, service charges and other governmental charges of a similar nature levied and/or assessed upon the SUNY Land and the EDGE Land (the "Exempt Taxes"), because the State and EDGE are exempt from such taxation; and

WHEREAS, the Facility will continue to be exempt from Exempt Taxes levied and/or assessed upon the Facility or the interest therein of the Company or the occupancy thereof by the Company, because the Agency will own a leasehold interest in the Facility and the Facility will be used for a purpose within the meaning of the applicable Constitutional and

statutory provisions, including the Enabling Act, provided, however, such exemption will not extend to special assessments or ad valorem levies; and

WHEREAS, the Company understands that it, as lessee of the Facility leased by the Agency, will, in fact, have Exempt Taxes to pay under the provisions of the Leaseback Agreement from the first day of the Construction PILOT Payment Period (as such term is hereinafter defined) through the term of the Leaseback Agreement; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into this Agreement making provision for payments-in-lieu-of-taxes and such assessments by the Company to the Agency to be allocated and disbursed by the Agency in accordance with that certain Agreement Approving PILOT Terms and Allocating PILOT Payments dated as of October 1, 2013 by and among the Town of Marcy (the "Town"), or any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located, the County of Oneida, the Whitesboro Central School District, the Maynard Fire District and the Dunham Public Library (each, individually, an "Affected Tax Jurisdiction" and, collectively, the "Affected Tax Jurisdictions"), and EDGE (the "PILOT Allocation Agreement"), a copy of which PILOT Allocation Agreement is attached hereto as Schedule 2.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

A. Definitions. Capitalized terms used in this Agreement not otherwise defined in herein shall have the meaning set forth in the Leaseback Agreement. For purposes of this Agreement, the following terms shall have the meaning set forth opposite them:

*"Affected Tax Jurisdictions"* means the County of Oneida, the Whitesboro Central School District, the Town of Marcy, the Maynard Fire District and the Dunham Public Library.

*"Affected Tax Jurisdictions' Fund"* shall have the meaning ascribed to such term in the PILOT Allocation Agreement.

*"Ancillary Warehousing Space"* means a building, or space within a building, that is used for the storage of materials, chemicals, hazardous materials, and equipment and/or tooling or to maintain equipment and/or tooling to support semiconductor manufacturing or other related use.

*"Applicable Square Footage"* means the square footage of a building or space within a building, as the case may be, to be taken into account for purposes of calculating the PILOT Payments for that building. The Agency shall determine the Applicable Square Footage for the Facility in the manner described in this Agreement.

*"Cleanroom"* means that portion of a building constructed with one or more highly purified and regulated rooms used for production, research and/or testing equipment, sensitive to contamination, and which includes in its design, systems for the minimization of airborne pollutants or other contaminants.

*"Community Host"* means the Town of Marcy, a New York municipal corporation with an office at 8881 Paul Becker Road, Marcy, New York 13403, and its successors.

*"Community Host Payment Fund"* shall have the meaning ascribed to such term in the PILOT Allocation Agreement.

*"Completion Date"* means the earlier of (a) the taxable status date that the Facility is reflected on the annual assessment roll or property record card as having a Certificate of Occupancy, or (b) December 31, 2021.

*"Construction Commencement Date"* means the earlier of (a) the taxable status date of the Town following the date of the issuance of a building permit for the Facility, or (b) the date that grading and other site development work commenced on the Land, to wit: November 4, 2019, pursuant to the Town Planning Board's approval for such construction activities.

*"Construction PILOT Payment Period"* means the period of time (not to exceed two (2) years) beginning on the Construction PILOT Payment Period Commencement Date and continuing through and including the date immediately preceding the Permanent PILOT Payment Period Commencement Date.

*"Construction PILOT Payment Period Commencement Date"* means January 1 of the first year following the Construction Commencement Date for the Facility.

*"Construction PILOT Payment Period PILOT Year"* means (a) the first calendar year occurring during said Construction PILOT Payment Period and (b) if the Completion Date has not yet occurred, the second calendar year occurring during said Construction PILOT Payment Period.

*"Declaration"* means any instrument whereby common area maintenance charges are levied, assessed or imposed by the State, SUNY, the Company, EDGE or a landowners/tenants association against or upon the Company for the maintenance, landscaping, signage or the provision of other amenities within any common or similar areas located at the Marcy Nanocenter Site or within the Marcy-SUNY Parkway Corridor.

*"EDGE Lenders"* means those lenders to whom EDGE is obligated with respect to the EDGE Project-Related Debt.

*"EDGE Project-Related Debt"* means any debt incurred by EDGE for the purposes of financing and/or refinancing the hard and soft costs of making Project-Related Improvements and paying for other Project-Related Development Costs including, without limitation, the costs of the following: on-site and off-site wetlands mitigation, site development and infrastructure improvements, construction of access roads and parking improvements, the construction of an electric substation and extension of a redundant power feed to the Land, the relocation of electric transmission and other utility lines, the construction of a gas yard, incentive financing to help offset the construction costs of clean room manufacturing space, administrative offices, R & D facilities, warehousing and related semiconductor facilities, the purchase of real property in fee and other interests therein (e.g., easements), incentive financing to help offset the costs of

constructing a neutralization plant for direct discharges in the NYS Barge Canal and upgrades to MVWA's water distribution system necessary to support the Company's requirements, and all legal, accounting, architectural design, engineering and construction supervision fees, planning and project administration, consulting and marketing fees, professional, permitting and governmental fees, lender closing costs and fees, and interest charges and other necessary capital expenditures for the Project, including reimbursements for job training and recruitment-relocation costs for a permitted end-user. EDGE Project-Related Debt shall include any monies which EDGE is obligated to set aside in order to maintain a minimum debt service coverage ratio of 1.15 to 1.0. Notwithstanding anything to the contrary contained herein, in order for any indebtedness incurred by EDGE to qualify as "EDGE Project-Related Debt", the same must first be approved by the Agency (after it first consults with EDGE), which approval shall not be unreasonably withheld, conditioned or delayed.

*"Excess SID Credit"* shall have the meaning ascribed to such term in Paragraph E.2. hereof.

*"Exempt Taxes"* means all 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 the Company or the occupancy thereof by the Company.

*"MVWA"* means the Mohawk Valley Water Authority, a New York public authority.

*"Office Space"* means a building, or space within a building, that is used primarily as administrative offices and support space (e.g., cafeteria, rest rooms, health facilities, training and education space, security-information room/counter, network/computer rooms, meeting and conference rooms, corridors and lobby area).

*"Other Facilities"* means buildings located on the Land other than a Semiconductor Manufacturing Building, Office Space, Ancillary Warehousing Space, a Technology Development Building or a Technology Manufacturing Building. Other Facilities shall not include standalone Support Facilities.

*"Permanent PILOT Payment Period Commencement Date"* means January 1, 2022.

*"Permanent PILOT Payment Period"* means that period of time of up to forty-seven (47) years (unless such period is extended pursuant to the provisions hereof) beginning on the Permanent PILOT Payment Period Commencement Date.

*"Permanent PILOT Payment Period PILOT Year"* means (a) each calendar year occurring during said Permanent PILOT Payment Period up to, but not including, the last calendar year (or portion thereof) occurring during said Permanent PILOT Payment Period and (b) the last calendar year (or portion thereof) occurring during said Permanent PILOT Payment Period.

"*PILOT Extension Term*" shall have the meaning ascribed to such term in Paragraph E.3. hereof.

"*PILOT Payments*" means payments in lieu of real property taxes on the Facility, required to be made pursuant to this Agreement or the Leaseback Agreement.

"*PILOT Value*" means the value of the Facility or space within the Facility, as the case may be, determined in the manner described herein by multiplying the Applicable Square Footage of the Facility or space within the Facility times the PILOT Value Per Square Foot Rate.

"*PILOT Value Per Square Foot Rate*" means the value per square foot that shall be used to calculate the PILOT Value for the Facility or space within the Facility, as the case may be, in the manner described herein. The PILOT Value Per Square Foot Rates for the Facility, or space within the Facility, as the case may be, are as set forth in Schedule 1 to this Agreement.

"*PILOT Year*" means, with respect to the Facility, each Construction PILOT Payment Period PILOT Year and each Permanent PILOT Payment Period PILOT Year.

"*Plans and Specifications*" means all the drawings, renderings, plans and other information describing the Facility submitted to the Agency by the Company in connection with the Application for Financial Assistance dated September 24, 2019, which may be amended from time to time up until the Completion Date.

"*Project-Related Development Costs*" means any cost related to the development of the Project (as such term defined in the second Recital above) including, without limitation, the costs of making Project-Related Improvements.

"*Project-Related Improvements*" means any improvements made or to be made in connection with the Project (as such term is defined in the second Recital above).

"*Proprietary Sublease*" shall have the meaning ascribed to such term in Paragraph B.4. hereof.

"*Semiconductor Manufacturing Building*" means a building (which may have pedestrian connections to other buildings) to be used primarily for semiconductor fabrication or flat panel display manufacturing (provided, however, any glass plant associated with flat panel display manufacturing shall be considered a Technology Manufacturing Building). The definition of a Semiconductor Manufacturing Building will include those buildings normally associated with a semiconductor manufacturing or flat panel display manufacturing facility, such as a main fab, a spine, a central utility building, private utility building, gas yard, and an electrical services building. If a building has primarily Cleanroom space but includes ancillary space used solely for general office purposes, such ancillary space shall not be deemed Office Space nor shall it require a separate PILOT Payment.

"*SID Charges*" means any special ad valorem levies, special assessments or other special district or improvement district or area charges.

"*SID Credit*" shall have the meaning ascribed to such term in Paragraph E.1 hereof.

"*SID Credit Amount*" shall have the meaning ascribed to such term in Paragraph E.1 hereof.

"*SID Taxing Entity*" shall have the meaning ascribed to such term in Paragraph E.1 hereof.

"*Support Facilities*" means standalone utility buildings, gas yards, electrical service buildings, electrical sub-stations, generators and co-gen facilities, guard or security stations, water and wastewater treatment facilities, parking structures, construction management buildings, and similar facilities that support the construction and operation of Semiconductor Manufacturing Buildings, Technology Development Buildings, Technology Manufacturing Buildings, Office Space, and Ancillary Warehousing Space.

"*Technology Development Building*" means a building (which may have pedestrian connections to other buildings) consisting of Cleanroom, laboratory, and testing facilities for the testing and development of semiconductor manufacturing processes and related uses, office space and other support space.

"*Technology Manufacturing Building*" means a building (which may have pedestrian connections to other buildings) exclusive of a Semiconductor Manufacturing Building, that is used primarily for manufacturing and assembly of advanced technologies in modern industries such as energy, communications, information and computing technologies, microtechnology, electronics, and nanotechnology, companies that supply and support the semiconductor, flat panel display, and/or photo voltaic industry, or other related uses. If a flat panel display manufacturing facility is built, the portion of the flat panel display manufacturing facility that is a glass plant shall be classified as a Technology Manufacturing Building.

B. Obligation to Make PILOT Payments - General

1. Prior to Permanent PILOT Payment Period Commencement Date. No PILOT Payments shall be required prior to the Permanent PILOT Payment Period Commencement Date.

2. Duration of PILOT Payments. Beginning on the Permanent PILOT Payment Period Commencement Date and continuing thereafter for up to forty-seven (47) years (unless extended pursuant to the provisions hereof), the Company shall pay the Agency annual PILOT Payments with respect to the Facility in the amounts determined as described herein. Upon the expiration or termination of this Agreement, the Facility shall become subject to real property taxation and the Company shall be required to make PILOT Payments to the Agency in an amount equal to 100% of real property taxes that would be due with respect to the Facility if the Agency had no interest in the Facility. Notwithstanding anything to the contrary contained in this Agreement or the PILOT Allocation Agreement, the Company shall pay to the Agency all sums due under this Agreement in addition to any real property taxes and/or assessments which it is obligated to pay to the Affected Tax Jurisdictions from and after the expiration or termination of this Agreement.



3. Payments During Permanent PILOT Payment Period. PILOT Payments during the Permanent PILOT Payment Period shall equal the payment amount calculated in the manner described in Paragraph C below, based on the expected nature and use of the Facility as described in the Plans and Specifications for the Facility, multiplied by the percentage of completion as of the taxable status date used by the Town for its annual assessment rolls.

4. Exempt Uses. Notwithstanding anything herein to the contrary, in any year in which the Facility, or portion thereof, is leased or occupied by education or other tax-exempt organizations described in New York Real Property Tax Law Section 420-a, and is not used for non-exempt uses, no PILOT Payment shall be required for the Facility, or portion thereof. If, however, the Facility is leased or occupied by education or other tax-exempt organization described in New York Real Property Tax Law Section 420-a and is being subleased to a proprietary or taxable entity having exclusive use and/or possession of the Facility or portion thereof (a "Proprietary Sublease"), then PILOT Payments shall be required for the Facility, or portion thereof that is the subject of a Proprietary Sublease.

5. Issuance of PILOT Invoice. The Agency shall prepare all PILOT invoices (each, individually, a "PILOT Invoice") using the methods of calculation described herein in substantially the form attached hereto as Schedule 3. All PILOT Payments shall be remitted to the Agency and paid in accordance with the terms and conditions contained in this PILOT Agreement. During the Permanent PILOT Payment Period, the Agency shall submit the PILOT Invoice to the Company by February 15 of each PILOT Year. PILOT Payments due pursuant to each such PILOT Invoice may either be paid in full prior to March 31 or in equal quarterly installments due on March 31, June 30, September 30 and December 31 of such PILOT Year.

C. Calculation of Annual PILOT Payment due during Permanent PILOT Payment Period.

1. Classification and Measurement of the Facility for PILOT Purposes. During the Permanent PILOT Payment Period, the PILOT Payments for the Facility, or space within the Facility, shall be based on the classification of the building or space as a Semiconductor Manufacturing Building, Technology Development Building, Technology Manufacturing Building, Office Space or Ancillary Warehousing Space. The Agency shall classify the Facility, or space within the Facility, as the case may be, and determine the appropriate measurement of the Applicable Square Footage within the Facility, or space within the Facility, as the case may be, based on Plans and Specifications and other information provided by the Company to the Agency. Within thirty (30) days after the Plans and Specifications are finalized but in no event later than the Completion Date, the Agency shall provide written notice to the Company setting forth the final classifications and measurements of the Facility, or the space within the Facility.

The Company shall take all requisite action to ensure the timely issuance of separate tax identification numbers by the Town Assessor that may be necessary to implement this PILOT Agreement, and shall advise the Agency in writing within ten (10) days after tax identification numbers have been issued but in any event prior to the Permanent PILOT Payment Period Commencement Date.

2. Formula for Calculating PILOT Payments. In general, subject to the specific terms described herein, during the Permanent PILOT Payment Period the annual PILOT Payment for the Facility or space within the Facility, as the case may be, shall be calculated as follows:

$$\text{Applicable Square Footage} \times \text{PILOT Value Per Square Foot Rate} = \text{PILOT Value}$$

$$\text{PILOT Value} \times \text{current property tax rates}/\$1,000 \text{ determined from the assessment roll} = \text{PILOT Payment}$$

For purposes of calculating the PILOT Payment, the property tax rate shall be taken from the assessment roll that exists on the date the calculation is performed.

3. PILOT Value of Semiconductor Manufacturing Building. The PILOT Value of a Semiconductor Manufacturing Building shall equal the gross square footage of the Cleanroom floor level plus the gross square footage of any Cleanroom space (e.g., Class 10, Class 100, Class 1,000, or Class 10,000) situate within the subfab space multiplied by the PILOT Value Per Square Foot Rate for a Semiconductor Manufacturing Building set forth in Schedule 1. The Applicable Square Footage of a Semiconductor Manufacturing Building shall be comprised of the entire gross square footage of the Cleanroom level and plus the gross square footage of any cleanroom space, situated within the subfab space only and shall not include other space or facilities such as the subfab space (other than any Cleanroom space situate within such subfab space), Office Space or mechanical and all other space in the Semiconductor Manufacturing Building, or central utility buildings and other Support Facilities.

For example, if (a) the gross square footage of the Cleanroom floor level of a Semiconductor Manufacturing Facility is 148,477 square feet, but the Cleanroom area on such level is only 113,633 square feet, and (b) there are 24,216 gross square feet of Cleanroom space situate within the subfab space, the Applicable Square Footage would be 172,693 square feet (148,477 sq. ft. + 24,216 sq. ft. = 172,693 sq. ft.) The PILOT Value would be computed by multiplying 172,693 sq. ft (the Applicable Square Footage) by the PILOT Value Per Square Foot Rate for a Semiconductor Manufacturing Building as set forth in Column A of Schedule 1 for each year of this Agreement (square footages are for illustration only; final square footages will be determined on the Completion Date).

4. PILOT Value of Technology Development Building. The Applicable Square Footage of a Technology Development Building shall be comprised of the Cleanroom space, laboratory, testing and manufacturing space, Office Space and any Ancillary Warehousing Space in that building. The PILOT Value of a Technology Development Building shall equal the sum of:

- (a) gross square footage of Cleanroom space multiplied by the PILOT Value Per Square Foot for Cleanroom space set forth in Column E of Schedule 1;
- (b) gross square footage of laboratory, testing and manufacturing space (excluding Cleanroom space) multiplied by the PILOT Value Per Square Foot Rate for a Technology Manufacturing Building set forth in Column D of Schedule 1;

- (c) gross square footage of Office Space multiplied by the PILOT Value Per Square Foot for Office Space set forth in Column B of Schedule 1; and
- (d) gross square footage of Ancillary Warehousing Space multiplied by the PILOT Value Per Square Foot for Ancillary Warehousing Space set forth in Column C of Schedule 1.

5. PILOT Value of Technology Manufacturing Building. The Applicable Square Footage of a Technology Manufacturing Building shall be comprised of the total gross square footage of the building, excluding Support Facilities. The PILOT Value of a Technology Manufacturing Building shall equal the gross square footage of the building, excluding Support Facilities, multiplied by the PILOT Value Per Square Foot Rate for Technology Manufacturing Buildings set forth in Column D of Schedule 1.

6. PILOT Value of Office Space. The Applicable Square Footage of Office Space in a standalone office building (which may have pedestrian connections to other buildings) shall be comprised of the total gross square footage of the building. Office Space located in a Semiconductor Manufacturing Building, Technology Development Building, Technology Manufacturing Building, Ancillary Warehousing Space or in Other Facilities shall be taken into account in the manner and to the extent (if any) provided for determining the PILOT Value of those other buildings and facilities.

The PILOT Value for Office Space shall equal the Applicable Square Footage of Office Space multiplied by the PILOT Value Per Square Foot Rate for Office Space set forth in Column B of Schedule 1.

7. PILOT Value of Ancillary Warehousing Space. The Applicable Square Footage of Ancillary Warehousing Space (e.g., General Warehouse, HPM, Chemical Storage, and/or High Pile Storage Space) in a standalone warehouse building (which may have pedestrian connections to other buildings) shall be comprised of the total gross square footage of the building. Ancillary Warehousing Space located in a Semiconductor Manufacturing Building (e.g., HPM Rooms within subfab areas), Technology Development Building, Technology Manufacturing Building, Office Space or Other Facilities shall be taken into account in the manner and to the extent (if any) provided for determining the PILOT Value of those other buildings and facilities.

The PILOT Value for Ancillary Warehousing Space shall equal the Applicable Square Footage of Ancillary Warehousing Space multiplied by the PILOT Value Per Square Foot Rate for Ancillary Warehousing Space set forth in Column C of Schedule 1.

8. PILOT Value of Other Facilities. If Other Facilities are constructed on the Land, the PILOT Value of those facilities shall be determined by the Agency in its reasonable discretion based on comparable data from sources deemed to be reflective of the industry.

9. Support Facilities. Notwithstanding anything herein to the contrary, no separate PILOT Value shall be assigned to Support Facilities. The value of Support Facilities is included in the PILOT Value of the other buildings and improvements located on the Land.

D. Intentionally Omitted

E. Special Assessments/Credit for SID Charges.

1. (a) If for any reason the Facility shall be subject to any SID Charges, notwithstanding the Town and County's agreement set forth in Section 2(b) of the PILOT Allocation Agreement, then the amount of SID Charges assessed against the Facility each year shall be applied as a dollar for dollar credit (the "SID Credit") that shall reduce the PILOT Payments due from the Company with respect to such Facility for the PILOT Year in which the SID Charges are due and payable. An amount equal to the SID Credit (the "SID Credit Amount") shall be subtracted from the Aggregate Annual PILOT Payment Allocation, as hereinafter defined in subparagraph (b), to the Affected Tax Jurisdiction that levied the SID Charges (the "SID Taxing Entity"). Once the SID Credit Amount has been subtracted from the Aggregate Annual PILOT Payment Allocation of the SID Taxing Entity in question, the Agency shall then re-allocate said subtracted amount in the manner necessary to place the Affected Tax Jurisdictions (other than the SID Taxing Entity in question) and the funds established under the PILOT Allocation Agreement (other than the Affected Tax Jurisdictions' Fund and, if applicable, the Community Host Payment Fund) in the same position that they would have been in had there been no SID Credit (or as nearly so as is possible). The provisions of this paragraph will not apply for any SID Charges or assessments requested by the Company and does not cover the imposition of any common area or similar charges that may be levied, assessed or imposed against or on the Company by means of a Declaration.

(b) The term "Aggregate Annual PILOT Payment Allocation" shall mean, with respect to the PILOT Year in question, the aggregate amount of all payments in lieu of real property taxes under this Agreement allocated to an Affected Tax Jurisdiction under the PILOT Allocation Agreement. In any instance where the Affected Tax Jurisdiction in question is the Town, the Aggregate Annual PILOT Payment Allocation of the Town for the PILOT Year in question shall be the aggregate amount of all payments in lieu of real property taxes under this Agreement allocated to the Town out of (a) the Affected Tax Jurisdictions' Fund (as defined in the PILOT Allocation Agreement) established under the PILOT Allocation Agreement, and (b) the Community Host Payment Fund (as defined in the PILOT Allocation Agreement) established under the PILOT Allocation Agreement. In any instance where the Affected Tax Jurisdiction in question is one other than the Town, the Aggregate Annual PILOT Payment Allocation of such Affected Tax Jurisdiction for the PILOT Year in question shall be aggregate amount of all payments in lieu of real property taxes under this Agreement allocated to such Affected Tax Jurisdiction out of the Affected Tax Jurisdictions' Fund.

2. If the SID Credit Amount for any year exceeds the Aggregate Annual PILOT Payment Allocation of the SID Taxing Entity in question, the excess amount (the "Excess SID Credit") shall be carried forward to subsequent years and applied each year to reduce the annual PILOT Payment due from the Company, and shall be subtracted from the Aggregate Annual PILOT Payment Allocation of the SID Taxing Entity, until the entire amount of the Excess SID Credit has been fully used.

3. If necessary, the term of this PILOT Agreement shall be extended for such period of time necessary for the entire Excess SID Credit to be applied to reduce PILOT Payments due

from the Company (the "PILOT Extension Term"). During the PILOT Extension Term, the Company shall make annual PILOT Payments to the Agency in amounts equal to the real property taxes that would be due if the Facility were owned by the Company and the Agency had no interest therein, less the available Excess SID Credit. The PILOT Payments during the PILOT Extension Term shall be allocated pro rata among the Affected Tax Jurisdictions in proportion to the amount of real property taxes that each Affected Tax Jurisdiction would receive if the Facility was subject to normal taxation and will not be subject to the fixed allocation set forth in Section 3 of the PILOT Allocation Agreement. The Excess SID Credit shall be applied to reduce the SID Taxing Entity's share of PILOT Payments during the PILOT Extension Term until the entire remaining Excess SID Credit has been fully used.

F. Challenges to Assessed Value.

If for any reason the Facility shall be subject to any SID Charges, notwithstanding the Town and County's agreement set forth in Section 2(b) of the PILOT Allocation Agreement, but excluding SID Charges or assessments requested by the Company and/or common area charges levied, assessed or imposed against or on the Company pursuant to a Declaration, the Company may pursue review of the Facility's assessed value under Article 7 of the New York State Real Property Tax Law or any other law or ordinance then in effect relating to disputes over assessed valuation of real property in the State of New York, and may take any and all other action available to it at law or in equity. If an Article 7 challenge is brought by the Company, the challenge to the assessment may only be utilized to reduce the SID Charges payable by the Company and may not be used to modify or reduce PILOT Payments.

G. Waiver of Right to Other Real Property Tax Exemptions.

The Company hereby unconditionally and irrevocably waive their respective rights, if any, to apply for and/or receive the benefit of, any other real property tax exemption including, without limitation, any real property tax exemptions that may be available under Section 485-b and Section 485-e of the Real Property Tax Law for so long as the PILOT Agreement is in effect.

H. Nonrecourse to EDGE.

Neither the Agency nor the Affected Tax Jurisdictions shall have any remedies against or seek recourse against the State, FSMC or EDGE and the sole recourse of the Agency and the Affected Taxing Jurisdictions shall be against the Company, and the Agency and the Affected Taxing Jurisdictions shall look only to the Company for the complete and sole satisfaction of any remedies for unpaid sums due under this Agreement.

I. PILOT Mortgage.

The Company's obligations under this PILOT Agreement are secured by a PILOT Mortgage dated May 22, 2020 (the "PILOT Mortgage") from the Agency and the Company to the Agency, for the benefit of the Affected Taxing Jurisdictions, which PILOT Mortgage shall be recorded in the Office of the Oneida County Clerk.

J. Termination of PILOT Agreement.

(a) Anything herein to the contrary notwithstanding, this Agreement shall terminate on the date on which the Leaseback Agreement terminates and the Agency's interest in the Facility is terminated pursuant to the Leaseback Agreement.

(b) Anything herein to the contrary, notwithstanding, upon the failure of the Company in making any payment when due hereunder and upon failure to cure such default within thirty (30) days of receipt of notice as herein provided, shall constitute an Event of Default under Section 7.1(a)(vi) of the Leaseback Agreement, and the Agency may take any one or all remedial steps afforded it in Section 7.2 of the Leaseback Agreement; provided, however, nothing herein contained shall be deemed to limit any other rights and remedies the Agency may have hereunder or under any other Transaction Document.

(c) Until such time as the EDGE Project-Related Debt has been indefeasibly paid, in full, the Agency shall consult with EDGE before terminating this Agreement or the Leaseback Agreement and/or exercising any of its other rights and remedies hereunder or under any other Transaction Document.

(d) It is expressly agreed that PILOT Payments collected for the benefit of, and pursuant to the Allocation Agreement allocated to, EDGE are intended to enable EDGE to pay and/or otherwise service the EDGE Project-Related Debt each year (and maintain a minimum debt service coverage ratio of 1.15 to 1.0), and in the event of termination of the PILOT Agreement for any reason, provision has been made in the Third Ground Lease for the Company to pay to EDGE Early Termination Payment(s) (as such term is defined in the Third Ground Lease), which provision for Early Termination Payment(s) shall take immediate effect upon termination of the PILOT Agreement and shall not require notice by the Agency.

K. Taxes Covered by this Agreement. The PILOT Payments to be made by the Company pursuant to this Agreement are intended to be in lieu of all Exempt Taxes with respect to the Facility.

L. Deduction of Any Taxes Paid. 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, the Company is required to pay any tax which the payments specified herein are intended to be in lieu of, the Company 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 (the "Difference"). Furthermore, inasmuch as the PILOT Payments herein agreed to be made by the Company are intended to be in lieu of all Exempt Taxes, it is agreed that said payments shall not, as to any PILOT Year, be in an amount greater than would be payable for such year for such Exempt Taxes, in the aggregate, by a private corporation on account of its ownership of the Facility.

M. Taxpayer Rights and Remedies. Subject to Paragraph F of this Agreement, it is the intent of the parties that the Company 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, the Company is obligated to make a payment hereunder, as if and to the same extent as if the Agency did not own a leasehold interest in the Facility. Subject to Paragraph F of this Agreement, it is the further intent of the parties that the Company will have all of the rights and remedies of a taxpayer as if and to the same extent as if the Agency did not own a leasehold interest in 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 leasehold interest in the Facility, the Company does not have the right to bring a proceeding to review such assessment under the Real Property Tax Law or any other law, then the Company 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 the Company in all respects in any such proceeding at the sole cost and expense of the Company.

N. Payments to Agency; Allocation of Payments by Agency.

(a) All amounts payable by the Company hereunder will be paid to the Agency 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. Upon receipt of PILOT Payments hereunder, the Agency shall allocate and disburse the PILOT Payments in accordance with the PILOT Allocation Agreement. The Company shall have no liability or responsibility regarding the allocation and disbursement of PILOT Payments by the Agency.

(b) The Company will make PILOT Payments to the Agency no later than the date listed on the PILOT invoice. PILOT Payments that are delinquent under this Agreement shall be subject to a late penalty of five percent (5%) of the amount due which shall be paid by the Company to the Agency at the time the PILOT Payment is paid, and the Agency shall allocate the penalty among the Affected Tax Jurisdictions in the same pro-rata proportion that the Affected Tax Jurisdictions would have received taxes, if the Agency did not have a leasehold interest. For each month, or part thereof, that the PILOT Payment is delinquent beyond the first month, interest shall accrue to and be paid to the Affected Tax Jurisdictions on the total amount due plus a late payment penalty in the amount of one percent (1%) per month until the payment is made; provided, however, nothing herein contained shall be deemed to limit any other rights and remedies the Agency may have hereunder or under any other Transaction Document.

O. Debt Service Insufficiency and PILOT Assignment

If, prior to the date that the EDGE Project-Related Debt is indefeasibly paid in full, the aggregate amount of PILOT Payments due hereunder in any given PILOT Year reduces or is reduced due to the application of a SID Credit Amount to a level such that the amount allocable by the Agency to the EDGE Project-Related Debt Service Fund for such PILOT Year would be insufficient to enable EDGE to pay and/or otherwise service the EDGE Project-Related Debt and maintain a minimum debt service coverage ratio of 1.15 to 1.0 (the "Debt Service Insufficiency") the Agency shall promptly deliver written notice of such insufficiency to the Company and the Company shall, at its option, either (i) pay such insufficiency directly to the Agency for deposit by the Agency into the EDGE Project-Related Debt Service Fund at the normal time when PILOT Payments are due, or, (ii) roll forward for utilization in a future year under this Agreement, the amount of the SID Credit Amount which creates the Debt Service Insufficiency. In the event that the Debt Service Insufficiency was caused by the application of a SID Credit Amount which is related to an SID Charge which the Company did not consent to as required under Section 2(b) of the PILOT Allocation Agreement, then an amount equal to the SID Credit Amount shall be subtracted from the Aggregate Annual PILOT Payment Allocation of the Affected Tax Jurisdiction that levied the SID Charges, pursuant to Section 2(c)(i) of the PILOT Allocation Agreement.

As collateral security for the payment of the EDGE Project-Related Debt, the parties acknowledge and agree that the Agency may assign its rights under the PILOT Allocation Agreement, the payments due to the Agency under this Agreement (except for the payments due to the Affected Tax Jurisdictions under Section 3 of the PILOT Allocation Agreement), and the guarantees thereof and/or security instruments relating thereto, if any, to the EDGE Lenders to the extent necessary to enable said EDGE Lenders to enforce and fully collect upon their security for the EDGE Project-Related Debt. Each such assignment shall be in form and content satisfactory to the Agency, EDGE and the EDGE Lenders, in their sole discretion. Each of the Affected Tax Jurisdictions has previously in the PILOT Allocation Agreement consented to each of such assignments, guarantees and/or security instruments. The parties to this Agreement acknowledge and agree that Parties shall be obligated to execute and deliver such other documents and/or agreements to confirm the terms, covenants and conditions of this Agreement.

P. Miscellaneous.

(a) 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, the parties shall negotiate in good faith so as to replace each such invalid, illegal or unenforceable term or provision with a valid, legal and enforceable provision which will carry out the parties' intentions in entering into this Agreement.

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



(c) All notices, certificates or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when (i) mailed by United States registered or certified mail, postage prepaid, return receipt requested or (ii) when delivered by a commercial overnight courier that guarantees next day delivery and provides a receipt, to the Agency or the Company, as the case may be, addressed as follows:

- To the Agency: Oneida County Industrial Development Agency  
584 Phoenix Drive  
Rome, New York 13441  
Attn.: Chairman
- With a Copy To: Bond, Schoeneck & King, PLLC  
501 Main Street  
Utica, New York 13501  
Attn.: Linda E. Romano, Esq.
- To the Company: Cree, Inc.  
4600 Silicon Drive  
Durham, North Carolina 27703  
Attn.: Bradley D. Kohn, Esq.,  
Senior Vice President and General Counsel
- With a Copy To: Barclay Damon LLP  
Barclay Damon Tower  
125 East Jefferson Street  
Syracuse, NY 13202  
Attn.: Kevin R. McAuliffe, Esq.
- To EDGE: Economic Development Growth Enterprises Corporation  
584 Phoenix Drive  
Rome, New York 13441-4105  
Attn.: President
- With a Copy To: Saunders Kahler, L.L.P.  
185 Genesee Street, Suite 1400  
Utica, New York 13501  
Attn.: Joseph E. Saunders, Esq.
- To the Bank: NBT Bank, National Association  
52 S. Broad Street  
Norwich, New York 13815  
Attn.: Commercial Lending Department
- With a Copy to: Kowalczyk & Deery, LLP  
185 Genesee Street  
Utica, New York 13501  
Attn.: Andrew S. Kowalczyk III, Esq.

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

(d) This Agreement shall be governed by and construed in accordance with the law of the State of New York, without regard to its choice of law rules or principles. Any party bringing an action or proceeding against the other party arising out of or relating to this Agreement or the transaction it forum shall bring such action or proceeding in the Supreme Court of the State of New York in and for the County of Oneida or in the United States District Court for the Northern District of New York and each party consents to the jurisdiction of such courts (including their respective appellate courts) and agrees that any judgment obtained in either of the above forums may be enforced in such forum or in any other appropriate forum.

(e) This Agreement shall be binding upon the successors and assigns of the parties.

(f) The section headings contained in this Agreement are for convenience and reference only and shall not be used to interpret or construe provisions.

(g) The parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as may be reasonably necessary to give effect to the purposes of this Agreement and the parties' agreements hereunder, including but not limited to entering into additional agreements to memorialize the PILOT Payments intended hereunder.

(h) This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(i) This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

(j) This Agreement (including the exhibits and schedules hereto) contains the entire agreement of the parties with respect to the subject matter hereof and no oral statement or written matter prior to the date of this Agreement shall have any effect or force.

(k) To the extent that a particular right, obligation or covenant in this Agreement does not have a specifically identified survival period, then such right, obligation and/or covenant shall remain in effect beyond any expiration of termination of this Agreement.

[signature pages follow]

IN WITNESS WHEREOF, the parties have executed this **Payment-in-Lieu-of Tax Agreement** as of the date first above written.

CREE, INC.

By:



Gregg Lowe  
Chief Executive Officer

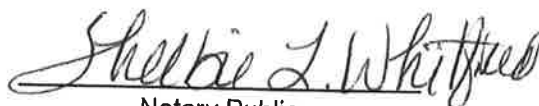
STATE OF NORTH CAROLINA )

)

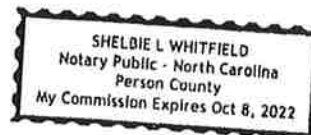
: ss.:

COUNTY OF ~~WADE~~ *Durham* )

On the 22 day of May 2020 before me, the undersigned a notary public in and for said state, personally appeared **Gregg Lowe**, 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.



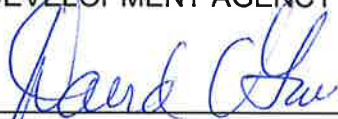
Notary Public



SECOND SIGNATURE PAGE OF PILOT AGREEMENT  
(ONEIDA COUNTY IDA AND CREE, INC.)

ONEIDA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By:

  
\_\_\_\_\_  
David C. Grow  
Chairman

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

On the 6<sup>th</sup> day of May 2020 before me, the undersigned a notary public in and for said state, 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



**SCHEDULE 1**

**PILOT Value  
Per Square Foot Rates  
Permanent PILOT Payment Period**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
<b>Year</b>	<b>Semiconductor Manufacturing Building (GSF Clean Room Level + Related Space in FAB &amp; Gen. Adm. Bldg.)</b>	<b>General Adm. Office Space (GSF) (NET of Failure Analysis Lab &amp; Gowning Areas)</b>	<b>High Piled and Chemical Storage Facilities in CUB &amp; Related Warehousing -Storage Space (GSF) in FAB</b>	<b>Technology Manufacturing Building (GSF)</b>	<b>Cleanroom Space (NSF within Technology Development Building)</b>	<b>Other Facilities</b>
1	\$365	\$100	\$60	\$125	\$450	*
2	348	98	58	123	430	*
3	332	96	56	121	410	*
4	316	94	54	119	390	*
5	300	92	52	117	370	*
6	284	90	50	115	350	*
7	267	88	48	113	330	*
8	251	86	46	111	310	*
9	235	84	44	109	290	*
10	219	82	42	107	270	*
11	203	80	40	105	250	*
12	186	78	38	103	230	*
13	170	76	36	101	210	*
14	154	74	34	99	190	*
15	146	72	32	97	180	*
16-47	146	72	32	97	180	*

**Schedule 2**

PILOT Allocation Agreement

**Schedule 3**

Form of PILOT Bill

**Oneida County Industrial Development Agency**

584 Phoenix Drive  
 Rome, NY 13441  
 US  
 Phone: (315)338-0393  
 Fax: (315)338-5694  
 Email: mcarney@mvedge.org

**Invoice**

**Invoice #:** 000136  
**Invoice Date:** 2/15/2020  
**Due Date:** Quarterly 3/31 6/30 9/30 12/31

**To:**

Cree, Inc  
 4600 Silicon Drive  
 Durham, NC 27703

<b>Contact Name:</b> RickMcFarland	<b>Client PO:</b>
<b>Payment Term:</b>	<b>Payment Ref:</b> Payments Due Quarterly
<b>Memo:</b> CREE PILOT Payment Year 1	

Item	Description	Date	Quantity	Rate	Line Total
PILOT- Semiconductor Manufacturing Building	PILOT- Semiconductor Manufacturing Building	2/15/2020	1.00	0.00	0.00
PILOT- Office Space	PILOT- Office Space	2/15/2020	1.00	0.00	0.00
PILOT- Ancillary Warehousing Space	PILOT- Ancillary Warehousing Space	2/15/2020	1.00	0.00	0.00
PILOT- Technology Manufacturing Building	PILOT- Technology Manufacturing Building	2/15/2020	1.00	0.00	0.00
PILOT- Cleanroom Space-Technology Development Building	PILOT- Cleanroom Space w/in- Technology Development Building	2/15/2020	1.00	0.00	0.00
Payments Due Quarterly	Payments of \$_____ are Due Quarterly 3/31, 6/30, 9/30, and 12/31				

**Subtotal:** 0.00  
**Tax:** 0.00  
**Total:** 0.00

Please remit to: Oneida County Industrial Development Agency