

126 BUSINESS PARK PARTNERS

and

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Oneida County Industrial Development Agency
2005 Improvements Transaction

Tax Account No.: 301 600 317-019-1-11

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS AGREEMENT, dated as of December 30, 2005, is by and between **ADJUSTERS INTERNATIONAL, INC.**, a corporation duly organized and validly existing under the laws of the State of Delaware, having its principal office at 126 Business Park, Utica, New York 13502 ("Adjusters"), **126 BUSINESS PARK PARTNERS**, a partnership duly organized and validly existing under the laws of the State of New York, having its principal office at 126 Business Park, Utica, New York 13502 ("Partners" and together with Adjusters, 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 153 Brooks Road, Rome, New York 13441-4105 (the "Agency").

WITNESSETH:

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

WHEREAS, the Company has requested that the Agency undertake a project (the "Project") consisting of the construction and equipping of an approximately 13,000 +/- square foot two-story addition (the "2005 Improvements") to the Company's existing facility (the "Existing Facility") located at 126 Business Park, Utica, New York 13502, on land (the "Land") leased by the Agency to Partners pursuant to that certain Lease Agreement dated as of July 1, 1994 (the "Lease Agreement") as amended by Lease Amendment Agreement dated the date hereof by and between the Agency and Partners constituting an expansion of the Existing Facility to be used for purposes of office facilities; and

WHEREAS, the Existing Facility and the Land are exempt from real property taxes, general property taxes, general school district taxes, general assessments, service charges or other governmental charges of a similar nature levied and/or

assessed upon the Existing Facility and the Land or the interest therein of Partners or the occupancy thereof by Adjusters, because the Facility is under the jurisdiction, supervision and/or control of the Agency and used for a purpose within the meaning of the applicable Constitutional and statutory provisions, including the Enabling Act, provided, however, such exemption does not extend to special assessments or ad valorem levies; and

WHEREAS, the 2005 Improvements are covered by the terms of the Lease Agreement as amended; and

WHEREAS, the Existing Facility and the Land are subject to a Payment in Lieu of Tax Agreement dated as of July 1, 1994 (the "1994 PILOT Agreement"); and

WHEREAS, the Agency and the Company desire the 2005 Improvements to be subject to a separate Payment in Lieu of Tax Agreement extending tax abatement benefits for the 2005 Improvements for ten (10) years in accordance with the Agency's standard real estate tax policy; and

WHEREAS, the Agency and the Company desire to delay the commencement of tax abatement benefits for the 2005 Improvements until the Company has exhausted its Empire Zone real property tax benefits relating thereto; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provision for payments-in-lieu-of-taxes by the Company to the City of Utica, City of Utica School District and the County of Oneida or any municipality within which the 2005 Improvements are or may be, wholly or partially located and appropriate special districts (hereinafter each a "Taxing Authority" and collectively the "Taxing Authorities") in which any part of the 2005 Improvements are or is to be located; and

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

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

1. The Company shall pay to each Taxing Authority:

(a) all taxes that are due with respect to the 2005 Improvements prior to the March 1, 2006 taxable status date, no later than the last day during which such payments may be made without penalty; and

(b) all special assessments and ad valorem taxes coming due and payable during the term of the Lease Agreement as amended by the Lease Agreement Amendment for which the 2005 Improvements is not exempt, no later than the last day during which such payments may be made without penalty.

2. The Company shall pay to each Taxing Authority as set forth on Schedule A attached hereto and made a part hereof, their respective pro rata shares of payments as follows:

(a) All amounts due under the 1994 PILOT Agreement calculated without including in the assessment the increase thereof resulting from the 2005 Improvements.

(b) As to the increase in assessment resulting from the 2005 Improvements the Company shall pay in lieu of the increase in taxes which would be due if the Property were not exempt the following percentages of taxes.

- | | | |
|------|--------------------------------|---------------------|
| i. | For Exempt Years 1 through 8 | 100% of such taxes |
| ii. | For Exempt Years 9 through 13 | 1/3 % of such taxes |
| iii. | For Exempt Years 14 through 18 | 2/3 % of such taxes |
| iv. | Thereafter 100% of such taxes. | |

Anything herein to the contrary notwithstanding the Company during Exempt Years 1 through 8 by written notice to the Agency may elect in lieu of the above schedule to make payments equal to 1/3 of such taxes for the ensuing five years and 2/3 of such taxes for the next ensuing five years commencing the next tax status date.

An Exempt Year means each 12 month period commencing March 1, 2006 and thereafter.

Anything herein to the contrary notwithstanding this Agreement shall terminate on the date on which the Lease Agreement as amended shall terminate and the Project Facility is reconveyed by the Agency to the Company the Agency shall then terminate its leasehold interest in the 2005 Improvements pursuant to the Lease Agreement.

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, the Company shall henceforth pay as PILOT Payments an amount equal to one hundred (100%) percent

of all Exempt Taxes together with interest at the rate of nine (9%) percent per annum on any delinquent PILOT Payments together with actual and verifiable expenses of collection, including but not limited to, payment of reasonable attorneys' fees; provided, however, nothing herein contained shall be deemed to limit any other rights and remedies the Agency may have hereunder or under any other agreements to which the parties hereto are parties.

3. The Company will make PILOT payments to each Taxing Authority hereunder for each Exempt Year by making the required payment to such Taxing Authority no later than the last day upon which such Exempt Taxes could otherwise be made without penalty if the Property was owned by the Company and not by the Agency.

4. 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. Furthermore, inasmuch as the PILOT payments herein agreed to be made by the Company are intended to be in lieu of all taxes attributable to the 2005 Improvements, it is agreed that said payments shall not be in an amount greater than would be payable for any year by a private taxpayer on account of its ownership of the Existing Facility as improved by the 2005 Improvements.

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

6. 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 Company were the owner of the Existing Facility as improved by the 2005 Improvements. 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 Company were the owner of the Existing Facility as improved by the 2005 Improvements with respect to any proposed assessment or change in assessment concerning the property, or any portion thereof, whether through an assessor, board of assessment review, court of law, or otherwise and likewise will be entitled to protest before and be heard by such assessor, board of assessment review, court of law or otherwise and will be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment or the

validity or amount of any taxes that would have been payable but for the provisions hereof. In the event, however, that a court of competent jurisdiction shall enter an order or judgment determining or declaring that, by reason of the Agency's ownership of the Existing Facility as improved by the 2005 Improvements, 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.

7. Except as provided herein this Agreement shall not relieve the Company of its obligations under the 1994 PILOT Agreement which shall remain in full force and effect as to the Existing Facility.

8. The Company agrees to be bound by all benefit recovery rules of the Agency in effect as of the date hereof and from time to time as the same relate to the benefits granted for the 2005 Improvements.

10. All amounts payable by the Company hereunder will be paid to the respective Taxing Authority and will be payable in such lawful money of the United States of America as at the time of payment is legal tender for the payment of public and private debts, including a check payable in such money.

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

12. This Agreement may not be effectively amended, changed, modified, altered or terminated except by an instrument in writing executed by the parties hereto, except that this Agreement shall automatically terminate upon termination of the Lease Agreement and reconveyance of the Project Facility to the Company.

13. All notices, certificates and other communications hereunder shall be in writing and shall be either delivered personally or sent by certified mail, postage prepaid, return receipt requested, or by Federal Express (or other nationally recognized overnight courier service), addressed as follows:

If to the Agency:

Oneida County Industrial Development Agency
153 Brooks Road
Rome, New York 13441-4105

Attn: Robert R. Calli, Chairman

With a Copy to:

Michael H. Stephens, Esq.
Kernan and Kernan, PC
258 Genesee Street #10
Suite 600
Utica, New York 13502

If to Partners:

126 Business Park Partners
126 Business Park Drive
Utica, New York 13502
Attn: Stephen T. Surace

With a Copy to;

Gerald F. Stack
Hancock & Estabrook, LLP
1500 MONY Tower I
Syracuse, NY 13221

If to Adjusters:

Adjusters International. Inc.
126 Business Park Drive
Utica, New York 13502
Attn: Stephen T. Surace

With a Copy to:

Davis Wright Tremaine, LLP
2600 Century Square
1501 Fourth Avenue
Seattle, WA 98101-1688
Attn: Robert A. Blackstone, Esq.

provided, that the Agency, Partners or Adjusters may, by notice given hereunder to the other, designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent. A duplicate copy of each notice, certificate and other written communication given hereunder by any party hereto to any other party hereto shall also be given to every other party hereto, at the addresses herein set forth or provided for. Such notice shall be deemed to have been given upon receipt or upon refusal of the party being notified to accept delivery of such notice.

14. This Agreement shall be governed by, construed in accordance with and enforceable under the laws of the State of New York, without regard or reference to its conflict of laws and principles.

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

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

SCHEDULE A

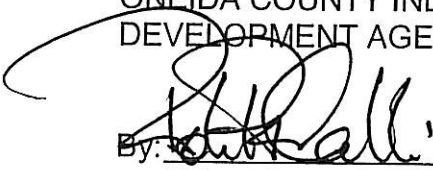
Receiver of Taxes
County of Oneida
800 Park Avenue
Utica, NY 13501

City of Utica
School Tax Collector
PO Box 521
Utica, NY 13503-0521

City of Utica
Comptrollers Office
1 Kennedy Plaza
Utica, NY 13502

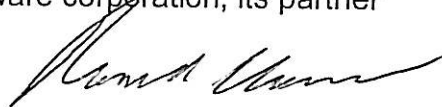
IN WITNESS WHEREOF, the parties have caused this **PILOT Agreement** to be duly executed as of the day and year first above written.

ONEIDA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY


By: 
Robert R. Calli
Chairman

126 BUSINESS PARK PARTNERS, a New
York partnership

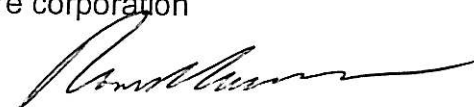
By: ADJUSTERS INTERNATIONAL, INC., a
Delaware corporation, its partner

By: 
Ronald A. Cuccaro
President

By: C.L. & S. PROPERTIES. INC., a New York
corporation, its partner

By: 
Ronald A. Cuccaro
President

ADJUSTERS INTERNATIONAL, INC., a
Delaware corporation

By: 
Ronald A. Cuccaro
President

