

INDUCEMENT AGREEMENT

THIS INDUCEMENT AGREEMENT RELATING TO THE **AMERICAN ALLOY STEEL, INC. 2014 FACILITY EXPANSION** (the "AGREEMENT") is by and among the **Oneida County Industrial Development Agency** (the "Agency"), **Chickadee Properties, L.P.** (the "Company"), **American Alloy Steel, Inc.** (the "Sublessee"), and on behalf of itself and/or the principals of the Company, the Sublessee and/or an entity formed or to be formed on behalf of any of the foregoing.

Article 1. Preliminary Statement. Among the matters of mutual inducement which have resulted in the execution of this AGREEMENT are the following:

1.01. The Agency is authorized and empowered by the provisions of Article 18-A of the General Municipal Law of the State of New York as amended, 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") to undertake "Projects" (as defined in the Act) and to lease or sell the same upon such terms and conditions as the Agency may deem advisable.

1.02. The purposes of the Act are (i) to promote industry and develop trade by inducing manufacturing, industrial, warehousing, research, civic, recreation and commercial enterprises to locate or remain in the State and (ii) to encourage and assist in the providing of industrial pollution control facilities and (iii) to promote the economic welfare and prosperity of the inhabitants of the State. The Act vests the Agency with all powers necessary to enable it to accomplish such purposes.

1.03. The Company has requested that the Agency assist in the (a) construction of a 28,160± square foot addition (the "2014 Addition") to the Company's existing 70,880± square foot facility (the "Existing Improvements") located on certain land situated at 650 Harbor Way, City of Rome, Oneida County, New York (the "Land") (the Land and Existing Improvements, collectively, the "Existing Facility") and (b) the acquisition and installation of equipment in the 2014 Addition (the "2014 Equipment"), all to be used for the purpose of wholesale distribution of steel plates and related activities (the 2014 Addition and the 2014 Equipment referred to collectively as the "2014 Facility," and the Existing Facility and the 2014 Facility referred to collectively as the "Facility") (the "Project"). The Agency owns a leasehold interest in the Existing Facility and leases it back to the Company pursuant to a Leaseback Agreement dated as of July 1, 2009, as amended (the "Leaseback Agreement"). The Company subleases the Existing Facility to the Sublessee pursuant to an Industrial Triple Net Lease dated June 2, 2009, as amended (the "Sublease Agreement").

1.04. The Company hereby represents to the Agency that the Project (a) will not result in the removal of an industrial or manufacturing plant from one area of the State to another area of the State or an abandonment of one or more plants of the Company located in the State; (b) is reasonably necessary to discourage the Company from removing such other plant or facility to a location outside the State, or (c) is reasonably necessary to preserve the competitive position of the Company in its industry. The

renovation and equipping of the 2014 Facility has not/did not commence(d) as of June 20, 2012.

1.05. The Agency has determined that the construction and equipping of the 2014 Facility, as described in the Company's application to the Agency dated June 10, 2014, which Application may be amended from time to time prior to closing of the sale-leaseback or lease-leaseback transaction (the "Application") will promote and further the purposes of the Act.

1.06. On June 20, 2014, the Agency adopted a resolution (the "Resolution" or the "Inducement Resolution") agreeing to undertake the Project in order to assist the Company and to effectuate the purposes of the Act and, subject to the happening of all acts, conditions and things required precedent to such undertaking and the satisfactory completion of such additional acts and reviews as the Agency may deem appropriate, to amend the existing lease-leaseback transaction in connection with the Project.

1.07. In the Resolution, the Agency appointed the Company, the Sublessee and their respective agents and other designees, as its agent for the purposes of constructing and equipping the 2014 Facility, and such appointment includes the following activities as they relate to the construction and equipping of the 2014 Facility, whether or not the materials, services or supplies described below are incorporated into or become an integral part of the Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with constructing and equipping the 2014 Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with constructing and equipping the 2014 Facility, and (iii) all purchases, leases, rentals and uses of equipment, machinery, and other tangible personal property (including installation costs with respect thereto), installed or placed in, upon or under the 2014 Facility, including all repairs and replacements of such property. Such agency appointment includes the power to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agent for the Agency, and in general to do all things which may be requisite or proper for completing the 2014 Facility, all with the same powers and with the same validity as the Agency could do if acting on its own behalf.

Article 2. Undertakings on the Part of the Agency. Based upon the statements, representations and undertakings of the Company and/or the Sublessee regarding the 2014 Facility and subject to the conditions set forth herein, the Agency hereby confirms and acknowledges:

2.01. Upon satisfactory completion of the conditions precedent set forth herein and in the Resolution and the satisfactory completion of such additional acts and reviews as the Agency may deem appropriate, the Agency will (A) adopt, or cause to be adopted, such proceedings and authorize the execution of such documents as may be necessary or advisable for (i) amending the existing lease-leaseback transaction,

(ii) the construction and equipping of the 2014 Facility, and (iii) the leasing of the 2014 Facility to the Company pursuant to the Leaseback Agreement, all as shall be authorized by law and be mutually satisfactory to the Agency and the Company and (B) shall amend the existing lease-leaseback transaction pursuant to the terms of the Act, as then in force, for the purpose of financing certain costs of the 2014 Facility.

2.02. The Lease Term defined in the Leaseback Agreement shall be extended to be coterminous with the financial assistance for the 2014 Facility and obligates the Company to make aggregate basic payments in the amount of \$500.00 as and when the same shall become due and payable. The Company is entitled to terminate the Agency's leasehold interest in the Facility for an aggregate amount of \$500.00, plus such additional amounts as are prescribed in the Leaseback Agreement. Specifically, the Leaseback Agreement contains a provision that allows the Company to terminate the Leaseback Agreement at any time upon written notice to the Agency and upon payment by the Company of all applicable fees, penalties and reimbursement of benefits. The Leaseback Agreement, as further amended, shall contain all provisions required by law and such other provisions as shall be mutually acceptable to the Agency and the Company.

2.03. That all services, costs and expenses of whatever nature incurred in connection with the construction, equipping, installation, replacement, rebuilding, restoration, repair, maintenance and operation of the 2014 Facility have been and will continue to be undertaken by the Company and/or the Sublessee as agent for the Agency, regardless of whether such services, costs and expenses were undertaken and/or paid in its own name or in the name of the Agency, and the Agency shall furnish to the Company and/or the Sublessee Form ST-123 together with an appropriate letter on Agency letterhead evidencing the authority of the Company and/or the Sublessee to act as agent of the Agency.

2.04. That, in connection with any lease by the Agency to the Company that is, in turn, subleased or leased by the Company, it is the intent of all parties to the transactions that any sublease or lease is undertaken by the Company as agent for the Agency.

2.05. That, at the request of the Company, and subject to the agreement between the Agency and the Company, any future transfers of any portion of real property upon which the Facility is located and not owned by the Agency, are hereby authorized, such transfers to be from the Company to the Agency, and there shall be no need for any further official action on behalf of the Agency other than the execution of the appropriate documents evidencing such transfer.

2.06. The Agency will take or cause to be taken such other acts and adopt such further proceedings as may be required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof.

Article 3. Undertakings on the Part of the Company and/or the Sublessee. Based upon the statements, representations and undertakings of the Agency herein and in the Resolution and subject to the conditions set forth herein and in the Resolution, the Company and the Sublessee agree as follows:

3.01. The Company and the Sublessee hereby accept the appointment made by the Agency in the Resolution to be true and lawful agents of the Agency to (i) construct, equip, repair and maintain the 2014 Facility and (ii) make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agent of the Agency, and in general to do all things which may be requisite or proper for completing the 2014 Facility, all with the same powers and the same validity as the Agency could do if acting on its own behalf, including the authority to delegate such Agency appointment, as described in the Resolution.

3.02. In the Application, the Company projected that it and/or the Sublessee will retain no less than 26 jobs and maintain them for the duration of the Lease Term as a result of undertaking the 2014 Facility (the "Employment Obligation"). The Company and the Sublessee acknowledge that the financial assistance granted by the Agency in connection with the 2014 Facility is conditioned upon achieving the Employment Obligation.

3.03. The Company and/or the Sublessee will, to the extent deemed by it to be necessary or desirable, enter into a contract or contracts for the construction and equipping of the 2014 Facility (including any necessary contracts for the acquisition of real property necessary or useful in said 2014 Facility).

3.04. Contemporaneously with the closing of amendment of the lease-leaseback transaction, the Company will enter into a second amendment to Leaseback Agreement with the Agency containing, among other things, the terms and conditions described in Section 2.02 hereof.

3.05. (a) The Company and/or the Sublessee shall not permit to stand, and will, at its own expense, take all steps reasonably necessary to remove (or bond the same if acceptable to the Agency and its counsel), any mechanics' or other liens against the Facility for labor or materials furnished in connection with the construction and equipping of the 2014 Facility. The Company and the Sublessee shall forever defend, indemnify and hold the Agency, its members, officers, employees, and agents, and anyone for whose acts or omissions the Agency or any of them may be liable, harmless from and against all costs, losses, expenses, claims, damages and liabilities of whatever kind or nature arising, directly or indirectly, out of or based on labor, services, materials and supplies, including equipment, ordered or used in connection with the construction and equipping of the 2014 Facility or arising out of any contract or other arrangement therefor (and including any expenses incurred by the Agency in defending any claims, suits or actions which may arise as a result of any of the foregoing),

whether such claims or liabilities arise as a result of the Company and/or the Sublessee acting as agent for the Agency pursuant to this AGREEMENT or otherwise.

(b) The Company and the Sublessee shall forever defend, indemnify and hold harmless the Agency, its members, officers, employees and agents, and anyone for whose acts or omissions the Agency or any of them may be liable, from and against all claims, causes of action, liabilities and expenses (including without limitation attorneys' fees) howsoever arising for loss or damage to property or any injury to or death of any person (including, without limitation, death of or injury to any employee of the Company or any sublessee) that may occur subsequent to the date hereof by any cause whatsoever in relation to the Facility including the failure to comply with the provisions of Article 3.05 hereof, or arising, directly or indirectly, out of the ownership, construction, equipping, acquisition, operation, maintenance, repair or financing of the Facility, and including, without limitation, any expenses incurred by the Agency in defending any claims, suits or actions which may arise as a result of the foregoing.

(c) The defense and indemnities provided for in this Article 3 shall apply whether or not the claim, liability, cause of action or expense is caused or alleged to be caused, in whole or in part, by the activities, acts, fault or negligence of the Agency, its members, officers, employees and agents, anyone under the direction and control of any of them, or anyone for whose acts or omissions the Agency or any of them may be liable, and whether or not based upon the breach of a statutory duty or obligation or any theory or rule of comparative or apportioned liability, subject only to any specific prohibition relating to the scope of indemnities imposed by law. Without limiting the generality of the foregoing, the foregoing indemnifications shall apply to and encompass any action (or alleged failure to act) of the Agency pursuant to the SEQR Act.

(d) The Company and/or the Sublessee shall provide and carry workers' compensation and disability insurance as required by law and comprehensive liability insurance with such coverages (including, without limitation, owner's protective for the benefit of the Agency and contractual coverage covering the indemnities herein provided for), with such limits and with such companies as may be approved by the Agency. Upon the request of the Agency, the Company shall provide certificates of insurance in form satisfactory to the Agency evidencing such insurance.

3.06. With the exception of the authorizations required to be adopted by the Agency for the Agency to amend the lease-leaseback transaction, the Company and the Sublessee agree that, as agent for the Agency or otherwise, each will comply with all the requirements of all federal, state and local laws, rules and regulations of whatever kind and howsoever denominated applicable to the Agency and/or the Company and/or the Sublessee with respect to the Facility, the construction and equipping of the 2014 Facility, the operation and maintenance of the Facility and the financing thereof. Every provision required by law to be inserted herein shall be deemed to be set forth herein as if set forth in full; and upon the request of either party,

this AGREEMENT shall be amended to specifically set forth any such provision or provisions.

3.07. The Company and/or the Sublessee will take such further action and adopt such further proceedings as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

3.08. If it should be determined that any State or local sales or compensatory use taxes or similar taxes however denominated are payable with respect to the acquisition, purchase or rental of machinery or equipment, materials or supplies in connection with the Project, or are in any manner otherwise payable directly or indirectly in connection with the Project, the Company and/or the Sublessee shall pay the same and defend and indemnify the Agency from and against any liability, expenses and penalties arising out of, directly or indirectly, the imposition of any such taxes.

3.09. The Company and/or the Sublessee shall file with the New York State Department of Taxation and Finance an annual statement of the value of all sales and use tax exemptions claimed in connection with the 2014 Facility, in compliance with Section 874(8) of the New York State General Municipal Law. The Company and/or the Sublessee shall provide the Agency with a copy of such annual statement at the time of filing with the State Department of Taxation and Finance.

3.10. If the Facility is leased to another party by the Agency and subleased to the Company, then in such event, the Company guarantees all of the covenants, undertakings and indemnities of such other party as set forth in this Article 3.

Article 4. General Provisions.

4.01. This AGREEMENT shall take effect on the date of execution hereof by the Agency, the Company and the Sublessee and shall remain in effect until the second amendment to the Leaseback Agreement becomes effective. It is the intent of the Agency, the Company and the Sublessee that this AGREEMENT be superseded in its entirety by the second amendment to the Leaseback Agreement, except for the indemnities and guarantee of indemnities contained herein, which shall survive.

4.02. It is understood and agreed by the Agency, the Company and the Sublessee that amending the lease-leaseback transaction and the execution of the second amendment to Leaseback Agreement and related documents are subject to (i) obtaining all necessary governmental approvals, (ii) approval of the general partners of the Company and the board of directors of the Sublessee, (iii) approval of the members of the Agency, (iv) satisfactory completion of the environmental review of the Facility by the Agency in compliance with the State Environmental Quality Review Act, (v) agreement by the Agency, the Company and/or the Sublessee upon mutually acceptable terms and conditions for the second amendment to Leaseback Agreement and other documentation usual and customary to transactions of this nature, (vi) the

condition that there are no changes in New York State Law which prohibit or limit the Agency from fulfilling its obligation and commitment as herein set forth to amend the lease-leaseback transaction and (vii) payment by the Company of the Agency's transaction fee and the fees and disbursements of bond counsel or transaction counsel. The Agency's transaction fee is calculated based upon the size of the project; based upon the projections in the Sublessee's Application, the transaction fee for this project is estimated at \$11,725, which will be payable in full at closing.

4.03. The Company and the Sublessee agree that they will reimburse the Agency for all reasonable and necessary direct out-of-pocket expenses that the Agency may incur as a consequence of executing this AGREEMENT or performing its obligations hereunder. Examples of such expenses include, but are not limited to, photocopies, phone and fax charges, postage and other shipping charges incurred in connection with amending the lease-leaseback transaction or complying with any requests after closing relating to the amended lease-leaseback transaction, including but not limited to requests under the Freedom of Information Act, and similar requests relating to the Project.

4.04. If for any reason the amended lease-leaseback transaction does not close on or before twelve (12) months from the execution hereof, the provisions of this AGREEMENT (other than the provisions of Articles 3.05, 3.06, 3.07 and 3.08 above, which shall survive) shall, unless extended by agreement of the Agency, the Company and the Sublessee (whether before or after such original expiration date), terminate and be of no further force or effect, and following such termination neither party shall have any rights against the other party except:

(a) The Company and/or the Sublessee shall pay the Agency for all expenses which were authorized by the Company and/or the Sublessee and incurred by the Agency in connection with the construction and equipping of the 2014 Facility;

(b) The Company and/or the Sublessee shall assume and be responsible for any contracts for construction or purchase of equipment entered into by the Agency at the request of or as agent for the Company and/or the Sublessee in connection with the Project; and

(c) The Company and/or the Sublessee will pay the out-of-pocket expenses of members of the Agency, counsel for the Agency and Transaction Counsel incurred in connection with the Project and will pay the reasonable fees of counsel for the Agency and Transaction Counsel for legal services relating to the Project or the proposed financing thereof.

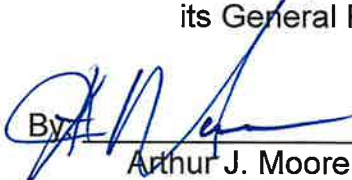
IN WITNESS WHEREOF, the parties hereto have entered into this AGREEMENT as of the 20th day of June 2014.

ONEIDA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY


By: 
Natalie L. Brown
Vice Chairman

CHICKADEE PROPERTIES, L.P.,
a Texas limited partnership

By: Chickadee Properties GP, Inc.,
its General Partner

By: 
Arthur J. Moore, President

AMERICAN ALLOY STEEL, INC.

By: 
Arthur J. Moore, President