

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT (the "Agreement"), dated as of December 20, 2019, by and between CANOPY GROWTH USA, LLC, a limited liability company organized and existing under the laws of the State of Delaware, having its principal offices at 1700 Lincoln Street, 17<sup>th</sup> Floor, Denver, Colorado 80203 (the "Canopy Growth"), and HIP NY DEVELOPMENTS LLC, a limited liability company organized and existing under the laws of the State of Delaware, having its principal offices at 47-51 Pine Camp Drive, Kirkwood, New York 13795 ("HIP NY") ("Canopy Growth" and "HIP NY" are hereinafter, collectively, the "Company") and the BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public-benefit corporation duly organized and validly existing under the laws of the State of New York with an office for the transaction of business located at FIVE South College Drive, Suite 201, Binghamton, New York 13905 (the "Agency"), collectively, the "Parties."

WITNESSETH:

WHEREAS, Title 1 of Article 18-A, as amended, of the General Municipal Law of the State of New York (the "Enabling Act") was duly enacted into law as Chapter 1030 of the Laws of 1969 of the State of New York (the "State"); and

WHEREAS, the Enabling Act authorizes the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and sell land and any building or other improvement, and all real and personal properties deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial or industrial facilities, including industrial pollution control facilities, in order to advance job opportunities, health, general prosperity and the economic welfare of the people of the State and to improve their standard of living; and

WHEREAS, the Enabling Act further authorizes each such agency to lease any or all of its facilities on such terms and conditions as it deems advisable, to issue its bonds for the purpose of carrying out any of its corporate purposes; and, as security for the payment of the principal

and redemption price of, and interest on, any such bonds so issued and any agreements made in connection therewith, to pledge the revenues and receipts from its facilities or from the lease thereof; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act, Chapter 564 of the Laws of 1970 of the State of New York, as amended by Chapter 402 of the 1987 Laws of the State of New York, constituting Section 895-a of said General Municipal Law (collectively, the "Act") created the Broome County Industrial Development Agency (the "Agency"), which is empowered under the Act to undertake the providing, financing and leasing of the project described below; and

WHEREAS, the BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY (the "Agency") was created as a public benefit corporation pursuant to and for the purposes specified in Title 1 of Article 18-A of the General Municipal Law; and

WHEREAS, the Company has agreed to a lease/leaseback transaction, on the real property more particularly described on Exhibit "A" attached hereto (the "Premises"), to facilitate the redevelopment, construction and renovation of a 285,987+/- square foot manufacturing facility, together with a small expansion on the east side, and the upgrade and expansion of a parking lot to accommodate 321 parking spaces, including 8 handicapped spots located at 47 Pine Camp Drive in the Town of Kirkwood, Broome County, New York and 51 Pine Camp Drive in the Town of Kirkwood, Broome County, New York (the "Project"); and

WHEREAS, the Company will lease the Project to the Agency pursuant to a certain lease agreement (the "Lease Agreement,") and the Agency will lease the Project back to the Company pursuant to a certain leaseback agreement (the "Leaseback Agreement") for a term not to exceed fifteen (15) years; and

WHEREAS, the Agency is exempt from the payment of taxes and assessments imposed upon real property, and as a further condition related to the acquisition of the Project, the Company has agreed that, notwithstanding such exemption, the Company will nevertheless make payments to the Town of Kirkwood (the "Town"), the Windsor Central School District (the "School District") and the County of Broome (the "County") while occupying the Project in lieu of general tax levies.

NOW, THEREFORE, in consideration of the covenants herein contained, it is mutually

agreed as follows:

1. Pursuant to Section 874 of the General Municipal Law and Section 412-a of the Real Property Tax Law, the Parties hereto understand that, upon acquisition of the Project by the Agency and the filing of an Equalization and Assessment Form RP-412-a (the "Exemption Form") with respect to the Project, and for so long thereafter as the Agency shall have a leasehold interest in the Project, the Project shall be assessed by the various taxing entities having jurisdiction over the Project, including, without limitation, the Town, the School District and the County as exempt on their respective assessment rolls prepared subsequent to the leasehold acquisition by the Agency to the Project and the filing of the Exemption Form. The Parties hereto understand that the Project shall not be entitled to such exempt status on any tax roll until the first tax year following the tax status date subsequent to the date upon which the Agency acquires a leasehold interest in the Project and an Exemption Form is filed. The Company shall be required to pay all taxes and assessments lawfully levied and/or assessed against the Project, including taxes and assessments levied for the current tax year and all subsequent years until the Project is entitled to exempt status on the tax roll. The Agency will cooperate with the Company to obtain and preserve the tax exempt status of the Project, including the preparation and filing of the Exemption Form.

2. During each tax year in which the Project shall be tax exempt, the Company agrees to pay to the Town, the School District and the County, the PILOT payments as shown on the PILOT Schedule attached hereto as Exhibit "B."

3. The Town, the County, and the School District shall separately bill the Company for each in-lieu-of-tax payment due hereunder. For the purposes of this Agreement, the term "Timely Payment" shall be defined as payment made within thirty (30) days after receipt by the Company of a written bill demanding payment.

4. Should the Company use the Project for other than a manufacturing facility with an adjacent parking lot or allied purposes such as defined in Article 18-A of the General Municipal Law, fail to retain substantially the number of jobs anticipated by the project, or acquire title during the term of this Agreement to the leased Project from the Agency, this Agreement shall terminate immediately and the Premises shall be returned to the non-exempt portion of the tax roll and be subject to taxation thereafter, including any portion of a tax year not

otherwise covered by this Agreement.

5. If any default shall be made in the payment referred to in Paragraph 2, supra, the Company hereby agrees to pay the same to the extent above specified:

A. Without requiring any notice of non-payment or of default to the Company, the Agency, or to any other person;

B. Without proof of demand.

6. The Parties hereto understand that the tax exemption extended to the Agency by Section 874 of the General Municipal Law and Section 412-A of the Real Property Tax Law does not entitle the Agency to an exemption from special assessments and special ad valorem levies such as, but without limitation, charges for metered water and sewer rent. The Company hereby agrees to pay all special assessments and special ad valorem levies lawfully levied and/or assessed against the Project.

7. Pursuant to Section 858 (15) of the General Municipal Law, the Agency agrees to give the Town, the School District and the County a copy of this PILOT Agreement within fifteen (15) days of the execution and delivery hereof, together with a request that a copy thereof be given to the appropriate officer or officers with respect to each taxing jurisdiction responsible for preparing the tax rolls for said jurisdiction, together with a request that said officer or officers submit to the Company and the appropriate receiver of taxes periodic statements specifying the amount and due date or dates of the payments due to each hereunder. Such periodic statements to be submitted to the Company at approximately the times that tax bills are mailed by such jurisdictions.

8. The Company agrees to pay the amounts due hereunder to each particular taxing jurisdiction in any calendar year to the appropriate receiver of taxes within the period that such taxing entity allows the payment of taxes levied in such calendar year without penalty. The Company shall be entitled to receive receipts for such payments.

9. Pursuant to Section 874(5) of the General Municipal Law, if the Company shall fail to make any payment required by this PILOT Agreement when due, the Company shall pay the same, together with a late-payment penalty equal to five percent (5%) of the amount due. If the Company shall remain in default beyond the first month after such payment is due, the Company shall thereafter pay a late-payment penalty of one percent (1%) per month for each

month, or part thereof, that the payment due thereunder is delinquent beyond the first month plus interest thereon, to the extent permitted by law, at the greater of (a) one percent (1%) per month, or (b) the rate per annum which would have been payable if such amount were delinquent taxes, until so paid in full.

10. Pursuant to Section 874(6) of the General Municipal Law, if the Company should default in performing any of its obligations, covenants or agreements under this PILOT Agreement and the Agency or any taxing jurisdiction should employ attorneys or incur other expense for the collection of any amounts payable hereunder, or for the enforcement or performance or observation of any obligation, covenant or agreement on the part of the Company herein contained, the Company agrees that it will, on demand therefore, pay to the Agency or such taxing jurisdiction, as the case may be, not only the amounts adjudicated due hereunder, together with the late-payment penalty and interest due thereon, but also reasonable fees and disbursements of such attorneys and all other expenses, costs and disbursements so incurred whether or not an action is commenced.

11. Notwithstanding the foregoing, the Agency reserves the right to terminate, modify, or recapture any benefits provided to the Company pursuant to this PILOT Agreement, as well as any other benefit provided to the Company, in accordance with the policy of the Agency set forth in Exhibit "C" attached hereto.

12. No remedy herein conferred upon or reserved to the Agency or any taxing jurisdiction is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this PILOT Agreement or now and hereafter existing at law or in equity or by statute. No delay or admission in exercising any such right or power accruing upon a default hereunder shall impair any such right or power or be construed as a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

13. All notices, demands or communications required to be given under this Agreement shall be forwarded simultaneously by certified mail or Federal Express, or other similar overnight delivery service, to the respective addresses of the Parties hereinafter set forth or to such other place(s) as any of the Parties hereto may, from time to time, designate by written notice to the other:

To the Agency: Broome County Industrial Development Agency  
FIVE South College Drive  
Suite 201  
Binghamton, New York 13905  
Attn: Executive Director

With a Copy to: Joseph B. Meagher, Esq.  
Thomas, Collison & Meagher  
1201 Monroe Street  
P.O. Box 329  
Endicott, New York 13761-0329

To Canopy Growth: Canopy Growth USA, LLC  
1700 Lincoln Street  
17<sup>th</sup> Floor  
Denver, Colorado 80203

with a copy to: Isaac Cheng, Esq.  
Canopy Growth USA, LLC  
595 Pacific Avenue  
4<sup>th</sup> Floor  
San Francisco, California 94133

To HIP NY: HIP NY Developments LLC  
47-51 Pine Camp Drive  
Kirkwood, New York 13795

With a copy to: Isaac Cheng, Esq.  
Canopy Growth USA, LLC  
595 Pacific Avenue  
4<sup>th</sup> Floor  
San Francisco, California 94133

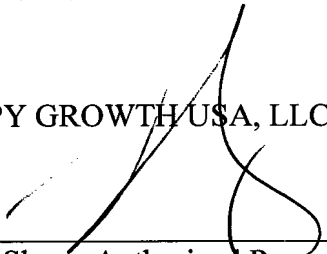
14. The Town, the County, the School District, the Agency and the Company as used herein shall include their successors and assigns. The terms of this Agreement shall inure to the benefit of, and shall be binding upon, any future owners of the Project and the Company's successors and assigns.

15. This Agreement shall remain in effect until termination or expiration of the Leaseback Agreement from the Agency to the Company which, by its terms, expires December

20, 2034.

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be duly executed the date set forth hereinabove.

CANOPY GROWTH USA, LLC

By:   
\_\_\_\_\_  
Phil Shaer, Authorized Person

HIP NY DEVELOPMENTS LLC

By: \_\_\_\_\_  
Jon Cooper, Director

BROOME COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By: \_\_\_\_\_  
Stacey M. Duncan, Executive Director

20, 2034.

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be duly executed the date set forth hereinabove.

CANOPY GROWTH USA, LLC

HIP NY DEVELOPMENTS LLC

By: \_\_\_\_\_  
Phil Shaer, Authorized Person

By: Jon Cooper  
Jon Cooper, Director

BROOME COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By: \_\_\_\_\_  
Stacey M. Duncan, Executive Director

*State of Colorado  
County of Denver*

*The foregoing instrument was acknowledged before me  
This the 20<sup>th</sup> Day of December 2019, By Jon Cooper  
Director of HIP NY DEVELOPMENTS LLC A DELEWARE LLC*

*DE A*  
DANIEL A. YOUNG

12-06-2021  
*Commission Expires*

DANIEL ANTHONY YOUNG  
NOTARY PUBLIC  
STATE OF COLORADO  
NOTARY ID 20174049902  
MY COMMISSION EXPIRES DEC 06, 2021



20, 2034.

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be duly executed the date set forth hereinabove.

CANOPY GROWTH USA, LLC

HIP NY DEVELOPMENTS LLC

By: \_\_\_\_\_  
Phil Shaer, Authorized Person

By: \_\_\_\_\_  
Jon Cooper, Director

BROOME COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

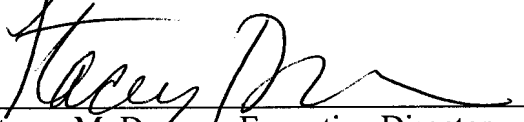
By:   
Stacey M. Duncan, Executive Director

EXHIBIT "A"

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Town of Kirkwood, County of Broome and State of New York, bounded and described as follows:

BEGINNING at a point on the division line between the property of Georgia Pacific Company (reputed owner) on the northwest and the property of Book Park Realty Corporation (reputed owner) on the southeast at its intersection with the southwesterly boundary of the existing Consolidated Rail Corporation (reputed owner), said point being 425.56 feet distant southeasterly measured along the last mentioned boundary from its intersection with the easterly boundary of the existing Colesville Road, County Road, No. 538;

THENCE along the southwesterly boundary of said Consolidated Rail Corporation (reputed owner) the following six (6) courses and distances:

One (1) South 65 degrees 19 minutes 07 seconds East, 302.21 feet to a point;

Two (2) South 57 degrees 32 minutes 23 seconds East, 618.01 feet to a point;

Three (3) South 48 degrees 16 minutes 45 seconds East, 607.00 feet to a point;

Four (4) South 40 degrees 33 minutes 29 seconds East, 738.00 feet to a point;

Five (5) South 05 degrees 26 minutes 07 seconds East, 34.76 feet to a point;

Six (6) South 40 degrees 33 minutes 49 seconds East, 647.60 feet to its intersection with the division line between the property of Triple Cities Rubber Company, Inc. (reputed owner) on the south and the property of said Book Park Realty Corporation (reputed owner) on the north;

THENCE along the last mentioned division line the following two (2) courses and distances:

One (1) South 82 degrees 49 minutes 12 seconds West, 372.76 feet to a point;

Two (2) South 05 degrees 26 minutes 07 seconds East, 75 feet, more or less, to a point at the low water mark in the Susquehanna River;

THENCE northwesterly along said low water mark, as it winds and turns, a distance of 945 feet, more or less, to a point at the intersection of said low water mark with the division line between the property of the People of the State of New York Department of Mental Hygiene (reputed owner) on the west and the property of said Book Park Realty Corporation (reputed owner) on the east;

THENCE along the last mentioned division line the following two (2) courses and distances:

One (1) North 18 degrees 30 minutes 00 seconds East, 75 feet, more or less, to a point;

Two (2) thence continuing North 18 degrees 30 minutes 00 seconds East, 130.00 feet to its intersection with the division line between the property of the said People of the State of New York Department of Mental Hygiene (reputed owner) on the south and the property of said Book Park Realty Corporation (reputed owner) on the north;

THENCE North 71 degrees 30 minutes 00 seconds West along the last mentioned division line 850.10 feet to a point;

THENCE South 18 degrees 30 minutes 00 seconds West, 79.48 feet to its intersection with the northeasterly boundary of a Town of Kirkwood Highway;

## SCHEDULE A

THENCE along said highway boundary the following four (4) courses and distances:

One (1) North 61 degrees 02 minutes 36 seconds West, 105.13 feet to a point;

Two (2) South 66 degrees 56 minutes 01 second West, 93.60 feet to a point;

Three (3) North 67 degrees 02 minutes 42 seconds West, 432.70 feet to a point;

Four (4) North 64 degrees 08 minutes 39 seconds West, 74.92 feet to its intersection with the division line between the property of said Georgia Pacific Company (reputed owner) on the northwest and the property of said Book Park Realty Corporation (reputed owner) on the southeast;

THENCE North 23 degrees 33 minutes 29 seconds West, along the last mentioned division line, 1,176.62 feet to the point or place of BEGINNING.

EXCEPTING THEREFROM the following:

ALL THAT TRACT or parcel of land, situate, lying and being in the Town of Kirkwood, County of Broome and State of New York, bounded and described as follows:

BEGINNING at the northerly corner of the original warehouse of the Maple Vail Manufacturing Group;

THENCE North 66 degrees 00 minutes 43 seconds West, a distance of 80.00 feet to a point;

THENCE North 23 degrees 59 minutes 17 seconds East, a distance of 137.00 feet to a point;

THENCE on a curve to the right having a radius of 80.00 feet, an arc distance of 125.66 feet to a point, said point being 217.00 feet perpendicular to the northeasterly face of said building;

THENCE South 66 degrees 00 minutes 43 seconds East, a distance of 382.00 feet to a point;

THENCE on a curve to the right having a radius of 200.00 feet, an arc distance of 87.26 feet to a point;

THENCE South 41 degrees 00 minutes 43 seconds East, a distance of 93.00 feet to a point;

THENCE on a curve to the right having a radius of 80.00 feet, an arc distance of 90.75 feet to a point;

THENCE South 23 degrees 59 minutes 17 seconds West, a distance of 86.45 feet to a point;

THENCE North 66 degrees 00 minutes 43 seconds West parallel to the northeasterly face of said building, a distance of 597.00 feet to the point or place of BEGINNING.

For conveyancing only, if intended to be conveyed: Together with all rights, title and interest of, in and to any streets and roads abutting the above described premises, to the center line thereof.

For Information Only: Said premises are known as 47 Pine Camp Drive, Kirkwood, NY and designated as Section 162.01 Block 1 Lot 19 as shown on the Broome County Land and Tax Map.

#### SCHEDULE A

SCHEDULE A  
DESCRIPTION OF PREMISES

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As to Lot 20:

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Town of Kirkwood, County of Broome and State of New York, bounded and described as follows:

BEGINNING at the northerly corner of the original warehouse of the Maple Vail Manufacturing Group;  
THENCE North 66 degrees 33 minutes 38 seconds west, a distance of 80.00 feet to a point;  
THENCE North 23 degrees 33 minutes 38 seconds east, a distance of 137.00 feet to a point;  
THENCE on a curve to the right having a radius of 80.00 feet, an arc length of 125.66 feet to a point;  
THENCE South 66 degrees 26 minutes 22 seconds east, a distance of 382.00 feet to a point;  
THENCE on a curve to the right having a radius of 200.00 feet, an arc length of 87.26 feet to a point;  
THENCE South 41 degrees 26 minutes 02 seconds east, a distance of 93.00 feet to a point;  
THENCE on a curve to the right having a radius of 80.00 feet, an arc length of 90.75 feet to a point;  
THENCE South 23 degrees 33 minutes 38 seconds west, a distance of 86.45 feet to a point;  
THENCE North 66 degrees 26 minutes 22 seconds, a distance of 597.00 feet to the point or place of BEGINNING.

For Information Only: Said premises are known as 51 Pine Camp Drive, Kirkwood, NY and designated as Section 162.01 Block 1 Lot 20 as shown on the Broome County Land and Tax Map.

EXHIBIT "B"

(SEE ATTACHED PILOT PAYMENT SCHEDULE)

## CANOPY GROWTH PILOT SCHEDULE

<u>YEAR</u>	<u>FULL TAXES</u>	<u>% INCREASE</u>	<u>PILOT PAYMENT</u>	<u>BENEFIT</u>
2020	\$311,599.51	0%	\$191,623.58	\$119,975.93
2021	\$317,831.50	0%	\$191,623.58	\$126,207.92
2022	\$324,188.13	0%	\$191,623.58	\$132,564.55
2023	\$330,671.89	0%	\$191,623.58	\$139,048.31
2024	\$337,285.33	0%	\$191,623.58	\$145,661.75
2025	\$344,031.04	50%	\$251,611.55	\$92,419.49
2026	\$350,911.66	50%	\$251,611.55	\$99,300.11
2027	\$357,929.89	50%	\$251,611.55	\$106,318.35
2028	\$365,088.49	50%	\$251,611.55	\$113,476.94
2029	\$372,390.26	50%	\$251,611.55	\$120,778.71
2030	\$379,838.06	25%	\$281,605.53	\$98,232.54
2031	\$387,434.83	25%	\$281,605.53	\$105,829.30
2032	\$395,183.52	25%	\$281,605.53	\$113,577.99
2033	\$403,087.19	25%	\$281,605.53	\$121,481.66
2034	\$411,148.94	25%	\$281,605.53	\$129,543.41
	\$5,388,620.24		\$3,624,203.26	\$1,764,416.97

Based on an assumed 2% property tax increase per year  
 Current Assessment \$4,638,700  
 Final Assessment: \$7,543,000

EXHIBIT "C"

(SEE ATTACHED AGENCY POLICY FOR  
TERMINATION, MODIFICATION AND/OR RECAPTURE OF AGENCY BENEFITS)



**BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
POLICY FOR TERMINATION, MODIFICATION  
AND/OR RECAPTURE OF AGENCY BENEFITS**

The goal of this Policy is to establish and provide a procedure as required by Section 875 of the New York State General Municipal Law for the termination, modification and/or recapture of Broome County Industrial Development Agency (the “Agency”) benefits provided to an applicant in order to induce such applicant to undertake a project in Broome County. For purposes of this policy, Agency benefits shall include any or all of the following:

- (i) exemptions from New York State and local sales and use tax;
- (ii) an exemption from the New York State mortgage recording tax; and/or
- (iii) an abatement from real property taxes provided through a payment-in-lieu-of-tax (“PILOT”) Agreement.

The Agency reserves the right to terminate, modify, or recapture Agency benefits if :

- (i) an applicant or its sub-agency (if any) authorized to make purchases for the benefit of the project is not entitled to the sales and use tax exemption benefits;
- (ii) sales and use tax exemption benefits are in excess of the amounts authorized by the Agency to be taken by the applicant or its sub-agents;
- (iii) sales and use tax exemption benefits are for property or services not authorized by the Agency as part of the project;
- (iv) the applicant has made material, false, or misleading statements in its application for financial assistance;
- (v) the applicant has committed a material violation of the terms and conditions of a Project Agreement; and/or
- (vi) there is a material shortfall in job creation and retention projections as set forth in its application.

Upon the occurrence of any of the above conditions, the Agency Board may, upon

recommendation of the Executive Director, terminate, modify and/or recapture the Agency benefits provided to a specific project. Prior to undertaking such action, the Agency shall give written notice of its intention to terminate, modify and/or recapture Agency benefits to the applicant specifying the reasons why the Agency is considering such action. The applicant shall have twenty (20) days to respond to the Agency, either in writing or in person, providing such information and documentation as it deems appropriate for the Board to consider prior to making its decision. All such recaptured Agency benefits shall be redistributed to the appropriately affected taxing jurisdictions unless agreed to otherwise by such jurisdictions.

Notwithstanding the foregoing, the Agency retains the right to terminate Agency benefits as otherwise provided in project transaction documents including, but not limited to, failure of the applicant to make timely PILOT payments, to provide required reports, or to cooperate with Agency personnel in providing data regarding project progress.