

Tennessee Gas Pipeline Company, LLC, a Kinder Morgan Company (“Kinder”)

And

Schoharie County Taxing Jurisdictions (“Taxing Jurisdictions”)

And

Schoharie County Industrial Development Agency (“SCIDA”)

PILOT EXTENSION TERM SHEET (“TERM SHEET”)

Tennessee Gas Pipeline Company, LLC, a Kinder Morgan Company (“Kinder”), Schoharie County Taxing Jurisdictions¹ (“Taxing Jurisdictions”) and Schoharie County Industrial Development Agency (“SCIDA”), together “Parties”, and subject to the approval of the Parties’ respective boards and management, agree to the terms set forth below.

A. RECITALS. The Parties acknowledge that:

1. A Payment In Lieu of Tax Agreement (“PILOT I”) was originally entered into on February 1, 2007, which included a Lease Agreement, dated as of February 1, 2007 with regard to the Project Facility (as defined therein).
2. PILOT I was extended for one year pursuant to the First Amendment to Payment in Lieu of Tax Agreement, dated July 2016 (“Amended PILOT I”) for the sole purpose of allowing the Parties the opportunity to negotiate an extended PILOT I, the terms of such extension are set forth below and are substantially the same as PILOT I.
3. By the Lease Agreement, SCIDA is the holder of certain leasehold, easement and other interest in the real property owned by Kinder in the Towns of Carlisle, Esperance, Sharon, Schoharie and Wright (including pipeline, meter station(s), regulator station(s) and compressor station), as more particularly described in a Memorandum of Lease Agreement between SCIDA and Kinder filed in the Schoharie County Clerk’s Office on March 2, 2007 in Book 831 of Deeds at page 113, Document No. 466876 (the “Project Facility”).

¹ Schoharie County Taxing Jurisdictions are comprised of the municipalities, Schoharie County and School Districts listed in Exhibit A, hereto.

4. The Project Facility is identified on tax maps by the tax identification numbers set forth in attached Exhibit A.
5. The Amended PILOT I, among other things, provides in Section 2 thereof that:
 - a. Kinder is to make annual payments in lieu of taxes directly to the appropriate taxing jurisdictions as set forth in Exhibit A thereto, within the normal time frame that real property taxes for taxing jurisdictions (e.g., by September 30, 2016 for the 2016-17 School District taxes).
 - b. The prescribed amount of the annual payments for that one year extension was set forth in Exhibit A to Amended PILOT I.
6. Amended PILOT I further provided, in Section 5.01, that agreement continued in effect until the earlier to occur of (1) April 30, 2017 or (2) the date on which the Project Facility is re-conveyed by SCIDA to Kinder pursuant to Article VII of the Lease Agreement.
7. As the Project Facility has not yet been re-conveyed, the Parties seek to further extend PILOT I and Amended PILOT I. The terms for such extension will be incorporated into agreement(s) amending PILOT I, as necessary.
8. Such extension of PILOT I and Amended PILOT I includes an adjustment to the payments in lieu of tax, as set forth in attached Exhibit B. Otherwise, all the other terms of PILOT I remain in effect (except as otherwise described below).

TERMS

1. PILOT I and Amended PILOT I shall be extended for fifteen years (or until April 30, 2031). Such extension can be accomplished as either a complete fifteen year extension or as a ten year extension with an option to extend five additional years at the sole discretion of Kinder.
2. The revised and extended PILOT payments shall be as set forth in Exhibit B, attached hereto.
3. The revised and extended PILOT payments shall be apportioned amongst the Schoharie County Taxing Jurisdictions as set forth in Exhibit C.
4. The Parties shall prepare and submit for SCIDA Board approval and resolution the necessary documents to extend PILOT I.
5. The Parties agree that this is merely an extension of the PILOT I entered into in 2007, and does not otherwise constitute a new PILOT Agreement.
6. If any term of this Term Sheet is to any extent invalid, illegal, or incapable of being enforced, such term shall be excluded and severed to the extent of such invalidity, illegality, or unenforceability; all other terms hereof shall remain in full force and effect.

7. The Parties agree that all provisions of PILOT I (unless otherwise lapsed or no longer applicable, or changed herein) shall remain in effect as follows:
 - I. In the event Kinder Morgan replaces any of the existing pipeline in the Towns with the same type of pipeline (*e.g.* 24" pipeline replaced with 24" pipeline), or replaces other property in ordinary maintenance, such replacement will not necessitate any change to the annual PILOT payments.
 - II. To the extent that Kinder Morgan makes additions to the subject properties (except if such additions are as set forth above and do not otherwise include replacements arising out of ordinary maintenance) for the following reasons (and which shall not constitute maintenance):
 - a. Existing pipe is replaced with increased diameter pipe (*e.g.* 30" inch replaces 24"), or
 - b. Existing compressor unit is replaced with a unit with greater horsepower (*e. g.* 10,500 HP unit replaces a 5,500 HP unit), or
 - c. Additional linear pipe (regardless of size) is installed, or
 - d. An additional greenfield compression facility is constructed, or
 - e. Any combination of the above in one of the Towns a party to this PILOT,

Then, during the first five (5) years of the Extended PILOT Agreement (2017-2021), the additions will not result in any change to the annual PILOT payments set forth above. However, in Year 6 of the PILOT (Assessment Roll Year 2022), or whenever such additions may occur thereafter, the parties agree to meet and act in good faith to negotiate revised PILOT payments. The adjustments to the annual PILOT payments will be made on a going forward basis, only.

- III. To the extent the parties, prior to when the next PILOT payment is due, cannot come to an agreement as to what the change to the annual PILOT payment should be as a result of Kinder Morgan's additions, Kinder Morgan agrees to increase its annual PILOT payment by \$100,000 pending the parties agreement on the final PILOT payment increase.
 - IV. In the event the parties, after meeting and acting in good faith to negotiate a revised PILOT payment as a result of Kinder Morgan's additions, cannot come to an agreement, the parties agree to collectively retain a mediator, sharing equally the cost for the mediator, and that the mediator upon his review of the materials provided by each party, consultation with the parties, and testimony (if deemed necessary by the mediator), will opine as to the appropriate increase to the PILOT payment.
8. To the extent that a further extension is not entered into at the end of this agreed upon extension to PILOT I and Amended PILOT I, the payments in lieu of taxes set forth in Exhibit B for the last tax year of the PILOT shall be credited against any further taxes that might be imposed, if any, pursuant to Real Property Tax Law §520 for said last Tax Year.

9. PILOT I and Amended PILOT I will be modified and amended to the extent of the application of the provisions of this Term Sheet; otherwise, the Parties ratify and reaffirm the terms of PILOT I and Amended PILOT I, and acknowledge that they remain in full force and effect (unless otherwise lapsed or not applicable), including that special district taxes are included in the annual Total PILOT Payment and, thereby, no additional special district taxes shall be levied.

C. **EXECUTION.** This Term Sheet may be signed in multiple, identical counterparts, each of which shall constitute a valid, and fully-binding, agreement.

D. **SIGNATORY AUTHORITY.** By their signatures hereto, each of the undersigned individuals executing this instrument in an agency capacity covenants and warrants that he or she has the authority to contract on behalf of the principals he or she purports to represent in regard to all of the matters addressed in this Term Sheet.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment Agreement effective as of the date first hereinabove set forth.

SCHOHARIE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Name:
Its:

SCHOHARIE COUNTY TAXING JURISDICTIONS
By and through its Counsel,

BY: _____
Stuart Klein

TENNESSEE GAS PIPELINE COMPANY, LLC
By and through its Counsel,

By: _____
Mark D. Lansing

STATE OF NEW YORK)
COUNTY OF SCHOHARIE)

On this ___ day of August, 2016 before me, the undersigned, personally appeared

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

STATE OF NEW YORK)
COUNTY OF ALBANY)

On this ___ day of August, 2016 before me, the undersigned, personally appeared **Stuart Klein, as counsel for the Schoharie County Taxing Jurisdictions** 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.

STATE OF NEW YORK)
COUNTY OF ALBANY)

On this ___ day of June, 2016 before me, the undersigned, personally appeared **Mark D. Lansing, as counsel for Tennessee Gas Pipeline Company** 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

EXHIBIT A

TAXING JURISDICTIONS

[Parcel Numbers, Town and School Districts]

TOWN	PARCEL NUMBERS	SCHOOL DISTRICT
CARLISLE	432602.666.--.-2415	Cobleskill-Richmondville CSD
	432602.666.--.- 2414 (2414a)	
	432602.666.--.- 2414 (2414b)	
	432602.26.-1-.28	
	434601.666.--.-2417	Sharon Springs CSD
	434601.666.--.-2416	
ESPERANCE	432602.669.--.-3020	Cobleskill-Richmondville CSD
	432602.669.--.-3021	Schoharie CSD
SHARON	434601.669.--.-4610	Sharon Springs CSD
	434601.669.--.-4611	
	434601.669.--.-4612	Canajoharie CSD
	434601.669.--.-4613	
SCHOHARIE	434201.669.--.-4214	Schoharie CSD
	434201.669.--.-4215	
	434201.669.--.-4217	
WRIGHT	434201.666.--.-5011	Schoharie CSD
	434201.666.--.-5014	
	434201.61.-3-6.-9999	

Also, Schoharie County is a Taxing Jurisdiction

EXHIBIT B

Assessment Roll Year	School Tax Year	Town and County Fiscal Year	PILOT Payments (Total) Kinder Proposal
2017	2017-18	2018	2,800,000
2018	2018-19	2019	2,856,000
2019	2019-20	2020	2,913,120
2020	2020-21	2021	2,971,382
2021	2021-22	2022	3,030,810
2022	2022-23	2023	3,091,426
2023	2023-24	2024	3,153,255
2024	2024-25	2025	3,216,320
2025	2025-26	2026	3,280,646
2026	2026-27	2027	3,346,259
2027	2027-28	2028	3,413,185
2028	2028-29	2029	3,481,448
2029	2029-30	2030	3,551,077
2030	2030-31	2031	3,622,099
2031	2031-32	2032	3,694,541

Allocation of Total PILOT Payment to Taxing Jurisdiction

TOWN	SCHOOL DISTRICT	Percent of Total PILOT Payment		
		Town/County	School District	Special Districts
CARLISLE	Cobleskill-Richmondville CSD			
	Sharon Springs CSD			
ESPERANCE	Cobleskill-Richmondville CSD			
	Schoharie CSD			
SHARON	Sharon Springs CSD			
	Canajoharie CSD			
SCHOHARIE	Schoharie CSD			
WRIGHT	Schoharie CSD			