

CLOSING ITEM NO.: B-8

TOWN OF BETHLEHEM INDUSTRIAL DEVELOPMENT AGENCY
445 Delaware Avenue
Delmar, New York 12054

April 17, 2012

To Whom It May Concern:

Re: New York State Sales or Use Tax Exemption
Town of Bethlehem Industrial Development Agency
Shop-Rite Supermarkets, Inc. Project

Pursuant to TSB-M-87(7) issued by the New York State Department of Taxation and Finance on April 1, 1987 (the "Policy Statement"), Wakefern Food Corp. (the "Subagent") has requested a letter from Town of Bethlehem Industrial Development Agency (the "Agency"), a public benefit corporation created pursuant to Chapter 1030 of 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 582 of the 1973 Laws of New York, as amended, constituting Section 909-b of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act"), containing the information required by the Policy Statement regarding the sales tax exemption with respect to the captioned project (the "Project") located at 41 Vista Boulevard in the Town of Bethlehem, Albany County, New York (the "Project Site").

The Subagent has applied to and been approved for financial assistance from the Agency in the matter of completion of the Project on the Project Site. The Project includes the following: (A) the acquisition and installation of certain machinery, equipment and other personal property (collectively, the "Equipment") at an approximately 65,000 square foot building located at 41 Vista Boulevard in the Town of Bethlehem, Albany County, New York (the "Land"), said Facility to be utilized as a retail grocery store (the Equipment being hereinafter collectively referred to as the "Project Facility"); (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real property transfer taxes and mortgage recording taxes (collectively, the "Financial Assistance"); (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real estate transfer taxes, mortgage recording taxes and real estate taxes (collectively, the "Financial Assistance"); and (C) the sale of the Project Facility to Shop-Rite Supermarkets, Inc. (the "Company") pursuant to an installment sale agreement dated as of April 1, 2012 (the "Installment Sale Agreement") by and between the Agency and the Company. Please be advised that on or about April 17, 2012, the Agency and the Subagent executed and delivered an agency and indemnification agreement (the "Agency and Indemnification Agreement"), pursuant to which the Agency appointed the Subagent as agent of the Agency to acquire and install the Equipment, said appointment intending by the Agency to be retroactive to November 23, 2011.

The Subagent, as sub-agent of the Agency, is authorized to make purchases of materials to be incorporated in the Project and machinery and equipment constituting a part of the Project, and purchases or rentals of supplies, tools, equipment, or services necessary to acquire, construct, reconstruct or install the Project.

To ensure that the above purchases or rentals are exempt from any sales or use tax imposed by the State of New York or any governmental instrumentality located within the State of New York, the vendor must identify the Project on each bill and invoice for such purchases and indicate on the bill or invoice that the Subagent as subagent for the Agency was the purchaser (e.g., "Wakefern Food Corp., Inc., as sub-agent for Town of Bethlehem Industrial Development Agency"). In addition, the following procedures should be observed:

1. Each bill and invoice should identify the date of delivery and indicate the place of delivery.
2. Payment should be made by the Subagent acting as sub-agent, directly to the vendor from a requisition from a special project fund of the payor.
3. Deliveries should be made to the Project Site, or under certain circumstances (such as where the materials require additional fabrication before installation on the Project Site or for storage to protect materials from theft or vandalism prior to installation at the Project Site) deliveries may be made to a site other than the Project Site, providing the ultimate delivery of the materials is made to the Project Site. Where delivery is made to a site other than the Project Site, the purchases should be billed or invoiced by the vendor to the Subagent as sub-agent of the Agency, identify the date and place of delivery, the Agency's full name and address and the Project Site where the materials will ultimately be delivered for installation.

Pursuant to Section 874(8) of the Act, the Subagent, as sub-agent of the Agency, must annually file a statement with the New York State Department of Taxation and Finance, on a form and in such a manner as is prescribed by the Commissioner of Taxation and Finance, of the value of all sales tax exemptions claimed by the Subagent under the authority granted by the Agency. The penalty for failure to file such a statement under Section 874(8) of the Act shall be the removal of authority to act as a sub-agent for the Agency.

Pursuant to Section 874(9) of the Act, the Subagent, as sub-agent of the Agency, must file within thirty (30) days of the date the Agency designates the Subagent as sub-agent of the Agency, a statement with the New York State Department of Taxation and Finance, on a form and in such manner as prescribed by the Commissioner of Taxation and Finance, identifying the Subagent as sub-agent of the Agency.

This letter shall serve as proof of the existence of an agency contract between the Agency and the Subagent for the SOLE EXPRESS PURPOSE OF SECURING EXEMPTION FROM NEW YORK STATE SALES AND USE TAXES FOR THE PROJECT ONLY. NO OTHER PRINCIPAL/AGENT RELATIONSHIP BETWEEN THE AGENCY AND THE SUBAGENT IS INTENDED OR MAY BE IMPLIED OR INFERRED BY THIS LETTER.

It is hereby further certified that, under the Policy Statement, since the Agency is a public benefit corporation, neither the Agency nor the Subagent as its sub-agent, is required to furnish an "Exempt Organization Certificate" in order to secure exemption from any sales or use tax for such items or services.

Under the Policy Statement, a copy of this letter received by any vendor or seller to the Subagent as sub-agent for the Agency, may be accepted by such vendor or seller as a "statement and additional documentary evidence of such exemption" as provided by New York State Tax Law Section 1132(c)(1), thereby relieving such vendor or seller from the obligation to collect sales and use tax on purchases or rentals of such materials, supplies, tools, equipment, or services by the Agency through its sub-agent, the Subagent.

THIS LETTER SHALL BE IN EFFECT UNTIL JULY 1, 2013.

TOWN OF BETHLEHEM

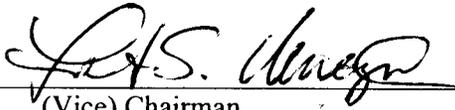
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INDUSTRIAL DEVELOPMENT AGENCY

In the event you have any questions with respect to the above, please do not hesitate to call Terrence W. Ritz, Executive Director of the Agency, at 518-439-4955.

Very truly yours,

TOWN OF BETHLEHEM INDUSTRIAL
DEVELOPMENT AGENCY

By: 
(Vice) Chairman

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