

ISLIP YARDS LLC

and

THE LANDTEK GROUP, INC.

and

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
(TOWN OF ISLIP, NEW YORK)

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Town of Islip Industrial Development Agency
(Islip Yards LLC/The LandTek Group, Inc. 2016 Facility)

Dated as of January 1, 2016

Town of Islip, Brentwood School District, Suffolk County

Address: Sweeneydale Avenue, Bay Shore, New York 11706

Tax Map Numbers: 0500-223.00-02.00-053.000 and 054.002

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT, dated as of January 1, 2016 (this “**PILOT Agreement**”), is by and among ISLIP YARDS LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, having its principal office at 235 County Line Road, Amityville, New York 11701 (the “**Company**”), THE LANDTEK GROUP, INC., a business corporation organized and existing under the laws of the State of New York, having an address of 235 County Line Road, Amityville, New York 11701 (the “**Sublessee**”), and the TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York, having its office at 40 Nassau Avenue, Islip, New York 11751 (the “**Agency**”).

R E C I T A L S

WHEREAS, the Agency was created by Chapter 47 of the Laws of 1974 of the State of New York, as amended, pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended (collectively, the “**Act**”); and

WHEREAS, the Agency has agreed to assist in (a) the acquisition of an approximately 10.00 acre parcel of land located on Sweenydale Avenue west of Fifth Avenue, Bayshore, New York (the “**Land**”), the construction thereon of one approximately 24,000 square foot office building and one approximately 15,600 square foot building containing a repair shop and warehouse, collectively totaling approximately 39,600 square feet (the “**Improvements**”) and the acquisition and installation therein of certain equipment not part of the Equipment (as such term is defined herein) (the “**Facility Equipment**”); and, together with the Land and the Improvements, the “**Company Facility**”), which Company Facility is to be leased and subleased by the Agency to the Company and further subleased by the Company to the Sublessee, and (b) the acquisition and installation of certain equipment and personal property (the “**Equipment**”), which Equipment is to be leased by the Agency to the Sublessee (the Company Facility and the Equipment are collectively referred to herein as the “**Facility**”), and which Facility is to be used by the Sublessee as a repair shop for the Sublessee’s equipment and warehouse and office space in its business of athletic field construction, including natural and synthetic turf surfaces, fences, stadiums and tracks; and

WHEREAS, the Company has agreed with the Agency, on behalf of the Agency and as the Agency’s agent, to construct and equip the Company Facility in accordance with the Plans and Specifications; and

WHEREAS, the Company has agreed to lease the Land and the Improvements to the Agency pursuant to the terms of a Company Lease Agreement, dated as of January 1, 2016 (the “**Company Lease**”), by and between the Company, as lessor, and the Agency, as lessee; and

WHEREAS, the Company has agreed to transfer title to the Facility Equipment to the Agency pursuant to a Bill of Sale, dated the Closing Date (the “**Bill of Sale**”); and

WHEREAS, the Agency has agreed to lease and sublease the Company Facility to the Company pursuant to the Lease Agreement, dated as of January 1, 2016 (the “**Lease Agreement**”), between the Agency, as lessor and sublessor, and the Company, as lessee and sublessee; and

WHEREAS, the Company has agreed to sub-sublease the Company Facility pursuant to a certain Sublease Agreement, dated May 1, 2014 (the “**Sublease Agreement**”), by and between the Company, as sublessor, and the Sublessee, as sublessee; and

WHEREAS, the Equipment will be leased by the Agency to the Sublessee pursuant to the terms of the Equipment Lease Agreement, dated as of January 1, 2016 (the “**Equipment Lease Agreement**”), by and between the Agency, as lessor, and the Sublessee, as lessee; and

WHEREAS, the Agency, the Company and the Sublessee have agreed to enter into a Recapture Agreement, dated as of January 1, 2016 (the “**Recapture Agreement**”), pursuant to which the Agency has the right to recapture certain economic benefits and assistance granted to the Company and the Sublessee upon the terms and conditions set forth in the Recapture Agreement; and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from the payment of taxes and assessments imposed upon real property owned by it, or under its jurisdiction or control or supervision, other than special ad valorem levies, special assessments and service charges against real property located in the Town of Islip (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located) which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Agency, the Company and the Sublessee deem it necessary and proper to enter into an agreement making provision for payments-in-lieu-of-taxes and such assessments by the Company and the Sublessee to the Town of Islip, any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located, Brentwood School District, Suffolk County and appropriate special districts (hereinafter the “**Taxing Authorities**”) in which any part of the Facility is or is to be located.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the covenants herein contained, it is mutually agreed as follows:

1. (a) As long as the Lease Agreement is in effect, the Company and the Sublessee, jointly and severally, agree to make payments in lieu of all real estate taxes and assessments (in addition to paying all special ad valorem levies, special assessments or Special District Taxes and service charges against real property located in the Town of Islip, Brentwood School District, Suffolk County, New York (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located) which are or may be imposed for special improvements or special district improvements) which would be levied upon or with respect to the Facility if the Facility were owned by the Company exclusive of the Agency’s

leasehold interest therein (the “**Taxes on the Facility**”). The amounts of such payments and method for calculation are set forth herein.

(b) After the effective date of this PILOT Agreement and until the provisions of paragraph 1(c) become effective, the Company and the Sublessee, jointly and severally, shall pay, as payments in lieu of taxes and assessments, one hundred percent (100%) of the taxes and assessments that would be levied upon the Facility by the respective Taxing Authorities.

(c) Commencing, at the sole option and discretion of the Company and the Sublessee, at the earlier of (i) the first fiscal tax year of the Taxing Authorities following the first taxable status date after the issuance of a certificate of occupancy with respect to the construction and equipping of the Facility to the Company by the appropriate governmental entity, or (ii) written notice from the Company and the Sublessee to the Agency setting forth the effective date for commencement of the payments in accordance with Exhibit A hereto (which effective date can be no later than the date set forth in the effective date set forth in (i) above), the Company and the Sublessee shall pay, as payments in lieu of taxes and assessments, the amounts set forth on Exhibit A attached hereto and made a part hereof. The Company and the Sublessee covenant at all times to cause to be maintained at the Facility the number of FTE’s as agreed upon pursuant to Section 8.13 of the Lease Agreement.

(d) The Company and the Sublessee, jointly and severally, shall pay, or cause to be paid, the amounts set forth in paragraphs 1(a) through (c) above, as applicable, after receipt of tax bills from the Agency or the Taxing Authorities, as the case may be. Failure to receive a tax bill shall not relieve the Company or the Sublessee of their respective obligations to make all payments provided for hereunder. If, for any reason, the Company and/or the Sublessee do not receive an appropriate tax bill, the Company and the Sublessee shall have the responsibility and obligation to make all reasonable inquiries to the Taxing Authorities and to have such a bill issued, and thereafter to make payment of the same no later than the due dates provided therein. Payments shall be made directly to the Taxing Authorities. Payments made after the due date(s) as set forth in the applicable tax bills shall accrue interest (and penalties) at the rates applicable to late payments of taxes for the respective Taxing Authorities and as further provided in the General Municipal Law, including Section 874(5) thereof, which currently provides for an initial penalty of five percent (5%) of the amount due and an additional penalty of one percent (1%) per month on payments more than one month delinquent. Anything contained in this paragraph (d) to the contrary notwithstanding, the Company and the Sublessee shall have the obligation to make all annual payments required by this paragraph (other than payments of penalties, if any) in two equal semi-annual installments on or prior to January 10 and May 31 of each year of the Lease Term or on such other due dates as may be established from time to time during the Lease Term.

(e) During the term of this PILOT Agreement, the Company and the Sublessee shall continue to pay all special ad valorem levies, special assessments and service charges levied against the Facility for special improvements or special district improvements.

(f) In the event that any structural addition shall be made to the building or buildings included in the Facility subsequent to the Completion Date, or any additional building or improvement shall be constructed on the real property described on Exhibit B hereto (such structural additions, buildings and improvements being referred to hereinafter as “**Additional Facilities**”), the Company and the Sublessee agree to make additional payments-in-lieu-of-taxes to the Taxing Authorities in amounts equal to the product of the then current ad valorem tax rates which would be levied upon or with respect to the Additional Facilities by the Taxing Authorities if the Additional Facilities were owned by the Company and not subject to a lease to the Agency times the assessment or assessments established for that tax year by the Town of Islip. All other provisions of this PILOT Agreement shall apply to this obligation for additional payments.

2. In the event that the Agency’s leasehold interest in the Facility or any part thereof is terminated at such time in reference to any taxable status date as to make it impossible to place such Facility or part thereof on the tax rolls of the Town of Islip, Brentwood School District, Suffolk County, any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located, or appropriate special districts, as the case may be, by such taxable status date, the Company and the Sublessee, jointly and severally, hereby agree to pay, at the first time taxes or assessments are due following the taxable status date on which such Facility or part thereof is placed on the tax rolls, an amount equal to the taxes or assessments which would have been levied on such Facility or part thereof had it been on the tax rolls from the time the Agency’s leasehold interest in the Facility was terminated until the date of the tax rolls following the taxable status date as of which such Facility or part thereof is placed on the tax rolls. There shall be deducted from such amount any amounts previously paid pursuant to this PILOT Agreement by the Agency or the Company and the Sublessee to the respective Taxing Authorities relating to any period of time after the date of termination of the Lease Agreement. The provisions of this paragraph 2 shall survive the termination or expiration of the Lease Agreement. Any rights the Company or the Sublessee may have against their respective designees are separate and apart from the terms of this paragraph 2.

3. In the event the Facility or any part thereof is declared to be subject to taxation for taxes or assessments by an amendment to the Act or other legislative change or by a final judgment of a court of competent jurisdiction, the obligations of the Company and the Sublessee hereunder shall, to such extent, be null and void.

4. In the event the Company and the Sublessee shall enter into a subsequent PILOT agreement or agreements with respect to the Taxes on the Facility directly with any or all Taxing Authorities in the jurisdiction of which the Facility is located, the obligations of the Company and the Sublessee hereunder, which are inconsistent with such future PILOT agreement or agreements, shall be superseded and shall, to such extent, be null and void.

5. As long as this PILOT Agreement is in effect, the Agency, the Company and the Sublessee agree that (i) the Company shall be deemed to be the owner of the Facility and of the Additional Facilities for purposes of instituting, and shall have the right to institute, judicial review of an assessment of the real estate with respect to the Facility and the Additional Facilities pursuant to the provisions of Article 7 of the Real Property Tax Law or

any other applicable law, as the same may be amended from time to time, and (ii) the Agency shall request the Assessor of the Town of Islip, or any other assessor having jurisdiction to assess the Facility, to take into consideration the value of surrounding properties of like character when assessing the Facility. Notwithstanding the foregoing, in the event that the assessment of the real estate with respect to the Facility and the Additional Facilities is reduced as a result of any such judicial review so that such complaining party would be entitled to receive a refund or refunds of taxes paid to the respective Taxing Authorities, if such complaining party were the owner of the Facility and the Additional Facilities exclusive of the Agency's leasehold interest therein, such complaining party shall not be entitled to receive a refund or refunds of the payments-in-lieu-of-taxes paid pursuant to this PILOT Agreement. In that event, such complaining party shall be entitled to receive a credit against future payments-in-lieu-of-taxes and assessments to be paid pursuant to this PILOT Agreement, as and when collected by the Agency or the affected tax jurisdictions as defined in Section 854 of the General Municipal Law, as amended (as the case may be), in an amount equal to any refund that such complaining party would be entitled to receive if such complaining party were the owner of the Facility and the Additional Facilities exclusive of the Agency's leasehold interest therein; provided, however, that the Agency shall have no obligation to provide a credit against any payments-in-lieu-of-taxes or assessments which it has remitted to any of the respective Taxing Authorities before the date the Agency receives written notice from the complaining party that it seeks a credit. In no event shall the Agency be required to remit to the Company, the Sublessee or any Taxing Authority any moneys otherwise due as a result of a reduction in the assessment of the Facility (or any part thereof) due to a certiorari review. If the Company or the Sublessee receives a reduction in assessment in the last year of the Lease Agreement after they have made their final payments-in-lieu-of-taxes, the Company and the Sublessee acknowledge that they shall look solely to the Taxing Authorities for repayment or for a credit against the first payment(s) of Taxes on the Facility which will be due after the Facility is returned to the tax rolls. The Company and the Sublessee hereby agree that they will notify the Agency if the Company and/or the Sublessee shall have requested a reassessment of the Facility or a reduction in the taxes on the Facility or shall have instituted any tax certiorari proceedings with respect to the Facility. The Company shall deliver to the Agency copies of all notices, correspondence, claims, actions and/or proceedings brought by or against the Company and/or the Sublessee in connection with any reassessment of the Facility, reduction of taxes with respect to the Facility or tax certiorari proceedings with respect to the Facility.

6. The Company and the Sublessee, in recognition of the benefits provided under the terms of this PILOT Agreement, including, but not limited to, the payments-in-lieu-of-taxes set forth in Exhibit A hereto, and for as long as the Lease Agreement is in effect, expressly waive any rights they may have for any exemption under Section 485-b of the Real Property Tax Law or any other exemption under any other law or regulation (except, however, for the exemption provided by Title 1 of Article 18-A of the General Municipal Law) with respect to the Facility. The Company and the Sublessee, however, reserve any such rights with respect to all special ad valorem levies, special assessments, or Special District Taxes and service charges levied against the Facility as referred to in paragraph 1(e) and the Additional Facilities as referred to in paragraph 1(f) and with respect to the assessment and/or exemption of the Additional Facilities.

7. Reserved.

8. Any notice, certificate and other communication required to be given under this PILOT Agreement either delivered personally or sent by certified mail, return receipt requested, or delivered by any national overnight express delivery service (in each case, postage or delivery charges paid by the party giving such communication) addressed as follows or to such other address as any party may specify in writing to the other:

To the Agency:

Town of Islip Industrial Development Agency
40 Nassau Avenue
Islip, New York 11751
Attention: William G. Mannix, Executive Director

With a copy to:

Islip Town Attorney's Office
Town Hall
655 Main Street
Islip, New York 11751
Attention: John R. Dicioccio, Esq.

To the Company and/or the Sublessee:

Islip Yards LLC
The LandTek Group, Inc.
235 County Line Road
Amityville, New York 11701
Attention: Michael Ryan, Member/President

With a copy for the Company or the Sublessee to:

Law Offices of David Fallon, PLLC
53 Main Street #1
Sayville, New York 11782
Attention: David Fallon, Esq

Notice by mail shall be effective when delivered but if not yet delivered shall be deemed effective at 12:00 p.m. on the third Business Day after mailing with respect to certified mail and one Business Day after mailing with respect to overnight mail.

9. Failure by the Agency in any instance to insist upon the strict performance of any one or more of the obligations of the Company and/or the Sublessee under this PILOT Agreement, or to exercise any election herein contained, shall in no manner be or be deemed to be a waiver by the Agency of any of the Company's and/or the Sublessee's defaults or breaches hereunder or of any of the rights and remedies of the Agency by reason of such defaults or breaches, or a waiver or relinquishment of any or all of the Company's and/or the Sublessee's obligations hereunder. No waiver, amendment, release or modification of this

PILOT Agreement shall be established by conduct, custom or course of dealing. Further, no payment by the Company and/or the Sublessee or receipt by the Agency of a lesser amount than or different manner from the correct amount or manner of payment due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and the Agency may accept any checks or payments as made without prejudice to the right to recover the balance or pursue any other remedy in this PILOT Agreement or otherwise provided at law or in equity.

10. This PILOT Agreement shall become effective immediately as of the date of execution hereof. All taxes, assessments, special assessments, service charges, special ad valorem levies or similar tax equivalents due or to become due based upon prior taxable status dates shall be paid by the Company and the Sublessee when due. Upon termination of the Lease Agreement, this PILOT Agreement shall terminate.

11. Whenever the Company and/or the Sublessee fails to comply with any provision of this PILOT Agreement, the Agency may, but shall not be obligated to, take whatever action at law or in equity may appear necessary or desirable to collect the amount then in default or to enforce the performance and observance of the obligations, agreements and covenants of the Company and the Sublessee under this PILOT Agreement. The Agency agrees to notify the Company and the Sublessee in writing of any failure by the Company and/or the Sublessee to comply with any provision of this PILOT Agreement and shall provide the Company and/or the Sublessee with the opportunity to cure such failure within thirty (30) calendar days after receipt by the Company and/or the Sublessee of such notice.

12. This PILOT Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

13. The Company and the Sublessee agree to hold the Agency harmless from and against any liability arising from any default by the Company and/or the Sublessee in performing their respective obligations hereunder or any expense incurred under this PILOT Agreement, including any expenses of the Agency, including without limitation, reasonable attorneys' fees.

14. This PILOT Agreement may be modified only by a written instrument duly executed by the parties hereto.

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

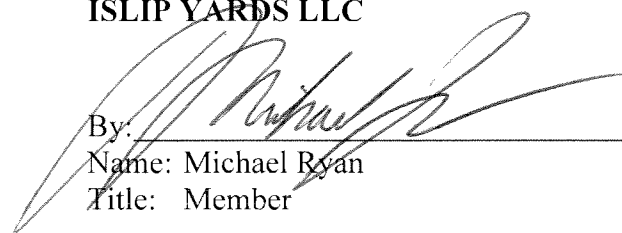
16. Except as provided in paragraphs 3 and 4, if any provision of this PILOT Agreement (excluding paragraph 1) shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such provision so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent and the remainder of this PILOT Agreement shall be and remain in full force and effect and shall not be invalidated or rendered illegal or unenforceable or otherwise affected by such holding or adjudication.

17. All capitalized terms used in this PILOT Agreement and not otherwise defined herein shall have the meanings assigned thereto in the Schedule of Definitions attached to the Lease Agreement as Schedule A, which definitions are incorporated herein and made a part hereof.

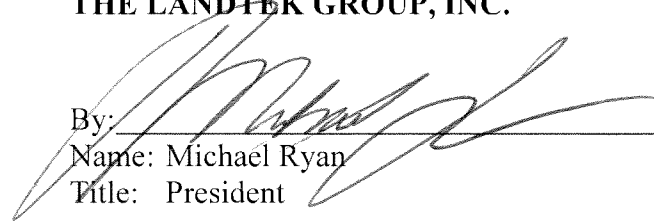
(Remainder of Page Intentionally Left Blank – Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have executed this PILOT Agreement as of the date first written above.

ISLIP YARDS LLC

By: 
Name: Michael Ryan
Title: Member

THE LANDTEK GROUP, INC.

By: 
Name: Michael Ryan
Title: President

**TOWN OF ISLIP INDUSTRIAL
DEVELOPMENT AGENCY**

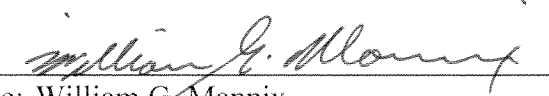
By: 
Name: William G. Mannix
Title: Executive Director

EXHIBIT A

Formula for In-Lieu-of-Taxes Payment: Town of Islip (including any existing incorporated village and any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located), Bay Shore, Brentwood School District Suffolk County and Appropriate Special Districts

Definitions

X = \$102,300

Y = increase in assessment above X resulting from the acquisition, construction and equipping of the Facility.

Normal Tax Due = Those payments for taxes and assessments, other than special ad valorem levies, special assessments and service charges against real property located in the Town of Islip (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located) which are or may be imposed for special improvements or special district improvements, that the Company would pay without exemption.

Payment

Tax Year (following first taxable status date after the election by Company, more specifically set forth in paragraph 1(c) of the PILOT Agreement)

Formula

1	100% normal tax on X and 0% normal tax on Y
2	100% normal tax on X and 10% normal tax on Y
3	100% normal tax on X and 20% normal tax on Y
4	100% normal tax on X and 30% normal tax on Y
5	100% normal tax on X and 40% normal tax on Y
6	100% normal tax on X and 50% normal tax on Y
7	100% normal tax on X and 60% normal tax on Y
8	100% normal tax on X and 70% normal tax on Y
9	100% normal tax on X and 80% normal tax on Y
10	100% normal tax on X and 90% normal tax on Y
11 and thereafter	100% normal tax on X and 100% normal tax on Y

EXHIBIT B

Legal Description of Real Property

SCHEDULE A

ALL that certain plot, piece or parcel of land, situate, lying and being at Bayshore, Town of Islip, County of Suffolk and State of New York, being known as Lots 525 and 526 on the Map of property of William H. Moffit, "Bayshore Farms" under file No. 559 filed on 01/24/1900 and more particularly bounded and described as follows:

BEGINNING at a point on the easterly side of Filed Map Lot 525 distant the following two (2) courses and distances from the corner formed by the inter side of the southerly side of Meadow Street with the westerly side of Fifth Avenue:

- 1) South 05 degrees 54 minutes 00 seconds West 160.19 feet along the westerly side of Fifth Avenue;
- 2) North 84 degrees 06 minutes 00 seconds West 975.39 feet to the easterly side of Lot 525 and the true point or place of **BEGINNING**.

RUNNING THENCE South 11 degrees 02 minutes 30 seconds East 472.68 feet;

THENCE South 78 degrees 53 minutes 00 seconds West 442.34 feet (442.18 feet Actual);

THENCE North 11 degrees 02 minutes 00 seconds West (North 11 degrees 01 minutes 20 seconds West Actual) 963.84 feet;

THENCE North 78 degrees 58 minutes 00 seconds East 455.38 feet;

THENCE the following five (5) courses and distances:

- 1) South 10 degrees 34 minutes 00 seconds East 48.81 feet (South 09 degrees 11 minutes 06 seconds East 47.44 feet Actual);
- 2) South 83 degrees 13 minutes 50 seconds East 4.12 feet (9.11 feet Actual);
- 3) South 04 degrees 11 minutes 30 seconds East 81.63 feet (81.48 feet Actual);
- 4) Along the arc of a curve having a radius of 970.00 feet a length of 115.83 feet;
- 5) South 11 degrees 02 minutes 00 seconds East 244.50 feet to the point or place of **BEGINNING**.

**Omni Title Agency
Agent for Stewart Title Insurance Company**

TITLE NO. 1508-2969756

TOGETHER with an Easement and Right of Way, dated 1/28/2014 recorded 2/13/2014 in Liber 12763 Page 476, for ingress and egress over and through the premises herein described below to Sweenydale Avenue:

BEGINNING at a point at the intersection of the northerly side of Sweenydale Avenue with the westerly map line of "Map of Sweenydale Park" (File # 608; filed July 4, 1904), said point of beginning the following three (3) courses and distances from the northwesterly terminus of the line connecting the southerly side of Sweenydale Avenue with the westerly side of 5th Avenue (CR 13):

1. Westerly along the widened southerly side of Sweenydale Avenue 500.99 feet;
2. Northerly 5.00 feet to the original southerly side of Sweenydale Avenue;
3. Westerly along the original southerly side of Sweenydale Avenue 639.52 feet to the westerly map line of the "Map of Sweenydale Park" to the true point or place of **BEGINNING**.

THENCE South 09 degrees 44 minutes 06 seconds East 187.23 feet along the westerly map line of "Map of Sweenydale Park" (File # 608; filed July 4, 1904);

THENCE South 78 degrees 58 minutes 00 seconds West 34.02 feet;

THENCE North 11 degrees 02 minutes 00 seconds West 241.48 feet;

THENCE South 83 degrees 13 minutes 50 seconds East 41.18 feet;

THENCE South 09 degrees 44 minutes 06 seconds East 41.72 feet along the westerly map line of "Map of Sweenydale Park" (File # 608; filed July 4, 1904) to the true point or place of **BEGINNING**.

FOR INFORMATION ONLY:

District 0500 Section 223.00 Block 02.00 Lot 053.000 & 054.002