

QOSINA CORP.

and

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Town of Islip Industrial Development Agency
(Qosina Corp. 2015 Facility)

Dated as of August 1, 2015

Town of Islip, Connetquot School District, Suffolk County

Address: 2002 Orville Drive North, Ronkonkoma, New York*

Tax Map Number: 0500-106.00-01.00-07.005

* This PILOT Agreement applies to 46.18% of the occupied space of the above referenced property, to be more particularly described by an item number assigned by the Town of Islip.

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT, dated as of August 1, 2015 (this "**PILOT Agreement**"), is by and between QOSINA CORP., a business corporation organized and existing under the laws of the State of New York, having an office at 150-Q Executive Drive, Edgewood, New York 11717 (the "**Company**"), 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**").

WITNESSETH:

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 the acquisition of a leasehold interest of an approximately 95,141 square foot portion of an approximately 206,005 square foot building (the "**Demised Premises**") located on an approximately 15.84 acre parcel of land located at 2002 Orville Drive North, Ronkonkoma, New York 11779 (the "**Land**"), the renovation of the Demised Premises (the "**Improvements**") and the acquisition and installation therein of certain equipment and personal property (the "**Equipment**"; and, together with the Land, the Demised Premises and the Improvements, the "**Facility**"), which Facility is to be leased and sub-leased by the Agency to the Company and used by the Company as office and warehouse space in its business as a distributor of medical components and cosmetic disposables; and

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

WHEREAS, the Land, the Demised Premises and the Improvements (the "**Ground Leased Facility**") is currently leased by REP A-2027 LLC, a Delaware limited liability company (the "**Owner**"), to the Company pursuant to an Agreement of Lease, dated as of May 8, 2015 (the "**Ground Lease**"), by and between the Owner and the Company; and

WHEREAS, the Company has agreed to sublease the Ground Leased Facility to the Agency pursuant to and in accordance with a certain Company Lease Agreement, dated as of August 1, 2015 (the "**Company Lease**"), by and between the Company and the Agency; and

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

WHEREAS, the Agency has agreed to sub-lease and lease the Facility to the Company pursuant to a certain Lease Agreement, dated as of August 1, 2015 (the "**Lease Agreement**"), by and between the Agency and the Company; and

WHEREAS, the Agency and the Company have entered into a Recapture Agreement, dated as of August 1, 2015 (the "**Recapture Agreement**"), pursuant to which the Agency has the right to recapture certain economic benefits and assistance granted to the Company 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 or Special District Taxes and service charges against real property located in the Town of Islip, 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; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provision for payments in lieu of taxes and such assessments by the Company 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, Connetquot 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:

I. (a) As long as the Lease Agreement is in effect, the Company agrees 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, Connetquot School District, Suffolk County (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 subleasehold interest therein (the "**Taxes on the Facility**"). The amounts of such payments and the method of calculation are set forth herein. For the avoidance of doubt, the payments provided for by this PILOT Agreement cover 46.18% of the taxes due on the entire premises.

(b) After the effective date of this PILOT Agreement and until the provisions of paragraph 1(c) become effective, the Company 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 with the 2016/2017 Tax Year, the Company shall pay, as payments-in-lieu-of-taxes and assessments, the amounts set forth on Exhibit A attached hereto and made a part hereof.

(d) The Company shall pay, or cause to be paid, the amounts set forth in paragraphs 1(a), (b) and (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 of its obligation to make all payments provided for hereunder. If, for any reason, the Company does not receive an appropriate tax bill, the Company 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 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 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 that increases the footprint or height of the Facility or increases the assessed value of the Facility shall be made to the building or buildings included in the Facility subsequent to the Completion Date (as such term is defined in the Lease Agreement), 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 agrees 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 the Agency times the assessment or assessments established for that tax year by the respective Taxing Authorities having appropriate assessing jurisdiction. All other provisions of this PILOT Agreement shall apply to this obligation for additional payments.

2. In the event that the Agency's subleasehold interest in the Facility or any part thereof terminates 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, Connetquot 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 hereby agrees 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 of the termination of

the Agency's subleasehold interest 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 to the respective Taxing Authorities relating to any period of time after the date of termination of the Agency's interest. The provisions of this paragraph 2 shall survive the termination or expiration of the Lease Agreement. Any rights the Company may have against its respective designees are separate and apart from the terms of this paragraph 2, and this paragraph 2 shall survive any transfer from the Agency to the Company.

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 hereunder shall, to such extent, be null and void; provided, however, there shall be deducted from such amounts due after such declaration or final judgment any amounts previously paid pursuant to this PILOT Agreement by the Agency or the Company to the respective Taxing Authorities relating to any period of time after the date of such declaration or final judgment.

4. In the event the Company shall enter into a subsequent payment-in-lieu-of-tax 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 hereunder, which are inconsistent with such future 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, and to the extent allowed under the Ground Lease, the Agency and the Company 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 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 receives a reduction in assessment in the last year of the Lease Agreement after it has made its final payments-in-lieu-of-taxes, the Company acknowledges that it 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 hereby agrees that it will notify the Agency if the Company 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 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, in recognition of the benefits provided under the terms of this PILOT Agreement, including, but not limited to, the formula for 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 it 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 I of Article 18-A of the General Municipal Law) with respect to the Facility. The Company, however, reserves 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. The Company recognizes and agrees that if at any time the Company substantially changes, modifies or amends its proposed method of operations or fails to maintain at all times the number of FTEs at the Facility as required by Section 8.13 of the Lease Agreement so as to effect a Recapture Event in accordance with the provisions of the Recapture Agreement shall occur, then the Company shall (i) pay to the Agency an amount equal to the Recaptured Benefits, as defined in the Recapture Agreement, due and owing under the Recapture Agreement, or (ii) if applicable, pay an increased PILOT payment in accordance with Section 1(d) of the Recapture Agreement. The Agency shall notify the Company in writing of the occurrence and continuation of a Recapture Event under the Recapture Agreement and all amounts that are due and owing under the Recapture Agreement. The Company shall remit such additional sums due to the Agency upon demand thereof.

8. All notices, certificates and other communications hereunder shall be in writing and shall be either delivered personally or sent by certified mail, return receipt requested, or delivered by a 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:

The Agency:

Town of Islip Industrial Development Agency
40 Nassau Avenue
Islip, New York 11751
Attention: 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.

The Company:

Qosina Corp.
2002-Q Orville Drive North
Ronkonkoma, New York 11779
Attention: Stuart Herskovitz

With a copy to:

Germano & Cahill, P.C.
4250 Veterans Memorial Highway, Suite 275
Holbrook, New York 11741
Attention: Guy Germano, 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 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 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 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 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 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 when due. Upon termination of the Lease Agreement or the Ground Lease, this PILOT Agreement shall terminate.

11. Whenever the Company 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 under this PILOT Agreement. The Agency agrees to notify the Company in writing of any failure by the Company to comply with any provision of this PILOT Agreement and shall provide the Company with the opportunity to cure such failure within thirty (30) days after receipt by the Company 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 agrees to hold the Agency harmless from and against any liability arising from any default by the Company in performing its 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 written instrument duly executed by the parties hereto.

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

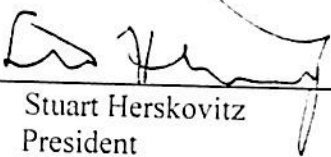
16. Except as provided in paragraphs 3 and 4, if any provision of this PILOT Agreement (excepting therefrom paragraph 1) shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such provision so adjudged invalid, illegal or unenforceable 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, which definitions are incorporated herein and made a part hereof.

(Remainder of Page Intentionally Left Blank)

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

QOSINA CORP.

By: 
Name: Stuart Herskovitz
Title: President

**TOWN OF ISLIP INDUSTRIAL
DEVELOPMENT AGENCY**

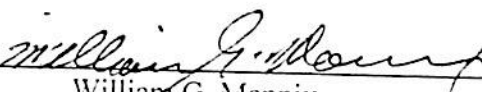
By: 
Name: William G. Mannix
Title: Executive Director

EXHIBIT A

Formula for payments-in-lieu-of-taxes: 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), Connetquot School District, Suffolk County and Appropriate Special Districts

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) Connetquot School District, Suffolk County which are or may be imposed for special improvements or special district improvements, that the Company would pay without exemption.

Payment Formula

2016/2017	100% Normal Tax Due on the agreed upon assessed value of \$437,000
2017/2018	100% Normal Tax Due on the agreed upon assessed value of \$480,700
2018/2019	100% Normal Tax Due on the agreed upon assessed value of \$524,400
2019/2020	100% Normal Tax Due on the agreed upon assessed value of \$568,100
2020/2021	100% Normal Tax Due on the agreed upon assessed value of \$611,800
2021/2022	100% Normal Tax Due on the agreed upon assessed value of \$655,500
2022/2023	100% Normal Tax Due on the agreed upon assessed value of \$699,200
2023/2024	100% Normal Tax Due on the agreed upon assessed value of \$742,900
2024/2025	100% Normal Tax Due on the agreed upon assessed value of \$786,600
2025/2026	100% Normal Tax Due on the agreed upon assessed value of \$830,300
2026/2027	100% Normal Tax due on \$ 874,000 (Full Taxation)

and thereafter

In the event of a reduction in the assessed value pursuant to a tax certiorari proceeding or otherwise, the above agreed upon assessed values shall be reduced *pari passu*. By way of example, if the assessed value of the Facility for the 2020/2021 tax year is reduced to \$1,700,000, then the agreed upon assessed value for such tax year shall be reduced as follows:

$\$1,700,000 \times 0.4618 = \$785,060$, multiplied by the percentage of tax abatement for such tax year (*i.e.*, 70% for the 2020/2021 tax year) = \$549,542.

EXHIBIT B

Legal Description of Land

SCHEDULE A

All that certain plot, piece or parcel of land, situate, lying and being at Bohemia, in the Town of Islip County of Suffolk and State of New York, being more particularly bounded and described as follows:

BEGINNING at a point on the Northeasterly side of Veterans Memorial Highway (S.R.454) at the extreme Southwesterly end of the curve which connects the Westerly side of Orville Drive North and the Northeasterly side of Veterans Memorial Highway (S.R. 454);

RUNNING THENCE along said Northeasterly side of Veterans Memorial Highway (S.R.454) the following two (2) courses and distances:

1. Northwesterly along an arc of a curve bearing to the right having a radius of 6429.77 feet, a distance of 77.50 feet (per deed), 71.50 feet (per survey);
2. North 63 degrees 46 minutes 44 seconds West, 1238.32 feet to land now or formerly of Town of Islip Resource Recovery Agency;

THENCE North 02 degrees 50 minutes 31 seconds East along said last mentioned land, 318.68 feet (per deed), 318.63 feet (per survey);

THENCE South 86 degrees 42 minutes 00 seconds East still along said land, 340.00 feet to land of Reckson Operating Partnership, L.P.;

THENCE along land of Reckson Operating Partnership, L.P., the following three (3) courses and distances:

1. South 84 degrees 02 minutes 50 seconds East, 290.00 feet;
2. South 05 degrees 57 minutes 10 seconds west, 113.00 feet;
3. South 44 degrees 44 minutes 55 seconds East, 79.54 feet to the Westerly side of Orville Drive North;

THENCE Southerly along the Westerly side of Orville Drive North, the following seven (7) courses and distances:

1. along an arc of a curve bearing to the left having a radius of 60.00 feet, a distance of 29.28 feet (per deed), 29.05 feet (per survey);
2. along an arc of a curve bearing to the right having a radius of 25.00 feet, a distance of 21.68 feet;
3. South 05 degrees 57 minutes 10 seconds West, 116.96 feet;

4. along an arc of a curve bearing to the left having a radius of 33.00 feet, a distance of 87.17 feet;
5. South 09 degrees 10 minutes 58 seconds East, 227.53 feet;
6. along an arc of a curve bearing to the right having a radius of 265.00 feet; a distance of 157.58 feet;
7. South 24 degrees 53 minutes 12 seconds West, 11.90 feet to the Northerly end of the curve first mentioned above.

THENCE Southwesterly along said curve bearing to the right having a radius of 25.00 feet, a distance of 39.54 feet to the Northeasterly side of Veterans Memorial Highway (S.R.454) and the point or place of BEGINNING

For Information Only: District: 0500 Section: 106.00 Block: 01.00 Lot: 007.005