

SUMMIT MANUFACTURING LLC
and
TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Town of Islip Industrial Development Agency
(Summit Manufacturing LLC 2015 Facility)

Dated as of October 1, 2015

Town of Islip, Brentwood School District, Suffolk County

Property Address: 59 Spence Street, Bay Shore, New York

Tax Map Number: 0500-200.00-02.00-64.001

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT, dated as of October 1, 2015 (this "**PILOT Agreement**"), is by and between SUMMIT MANUFACTURING LLC, a limited liability company organized and existing under the laws of the State of New York, having an office at 59 Spence Street, Bay Shore, New York 11706 (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 5.19 acre parcel of land located at 59 Spence Street, Bay Shore, New York (the "**Land**"), the renovation of an approximately 106,000 square foot building located thereon (the "**Improvements**") and the acquisition and installation therein of certain equipment and personal property (the "**Equipment**"; and, together with the Land and the Improvements, the "**Facility**"), which Facility is to be leased and sub-subleased by the Agency to the Company and used by the Company as a manufacturing and distribution space for its business in the designing, engineering and manufacturing of advertising displays and related products and services; 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 is currently owned by 59 Spence Street, LLC, a New York limited liability company (the "**Owner**") and leased to the Company pursuant to a Lease, dated as of February 28, 2014 (the "**Ground Lease**"), by and between the Owner and the Company; and

WHEREAS, the Company has agreed to sublease the Land and the Improvements to the Agency pursuant to and in accordance with a certain Company Lease Agreement, dated as of October 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-sublease and lease the Facility to the Company pursuant to a certain Lease Agreement, dated as of October 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 October 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, 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 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, Brentwood 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 method of calculation of such payments is set forth herein.

(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 February 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 exclusive of the Agency's subleasehold interest, 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, 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 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.

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 they have made their 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 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, however, reserves any such rights with respect to 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 fail 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 100% of 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:

Summit Manufacturing LLC
59 Spence Street
Bay Shore, New York 11706
Attention: Member

With a copy to:

Alan R. Alder, Esq.
10 North Park Place, Suite 230
Morristown, New Jersey 07960

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.

SUMMIT MANUFACTURING LLC

By: 
Name: Louis Marinello
Title: President

**TOWN OF ISLIP INDUSTRIAL
DEVELOPMENT AGENCY**

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

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

SUMMIT MANUFACTURING LLC

By: _____
Name: Louis Marinello
Title: President

**TOWN OF ISLIP INDUSTRIAL
DEVELOPMENT AGENCY**

By: *William G. Mannix*
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), Brentwood 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) which are or may be imposed for special improvements or special district improvements, that the Company would pay without exemption

Tax Year

2016/17	100% normal tax on the taxable assessed value of \$358,850
2017/18	100% normal tax on the taxable assessed value of \$394,735
2018/19	100% normal tax on the taxable assessed value of \$430,620
2019/20	100% normal tax on the taxable assessed value of \$466,505
2020/21	100% normal tax on the taxable assessed value of \$502,390

EXHIBIT B

LEGAL DESCRIPTION OF LAND

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING AT BRENTWOOD, IN THE TOWN OF ISLIP, COUNTY OF SUFFOLK AND STATE OF NEW YORK, KNOWN AND DESIGNATED ON A CERTAIN MAP ENTITLED, "MAP OF BAY SHORE FARMS", AND FILED IN THE OFFICE OF THE CLERK OF THE COUNTY OF SUFFOLK ON JANUARY 24, 1900 AS MAP NO. 559, AS AND BY PARTS OF LOT NOS. 43, 44, 47 AND 48 AND BEING BOUNDED DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHERLY SIDE OF SPENCE STREET, AS WIDENED, THE FOLLOWING TWO (2) COURSES AND DISTANCES FROM THE CORNER FORMED BY THE INTERSECTION OF THE WESTERLY SIDE OF FIFTH AVENUE, CR. 13 (NEW LINE) AND THE NORTHERLY SIDE OF SPENCE STREET:

- (1) NORTH 83° 15' WEST, ALONG THE NORTHERLY SIDE OF SPENCE STREET, 715.88 FEET; AND
- (2) NORTH 05° 52' 29" EAST, 10.00 FEET TO THE NORTHERLY SIDE OF SPENCE STREET, AS WIDENED;

RUNNING THENCE NORTH 83° 15' WEST, ALONG THE NORTHERLY SIDE OF SPENCE STREET, AS WIDENED, 365.11 FEET;

THENCE NORTH 05° 52' 29" EAST, 718.87 FEET TO LAND FORMERLY OF JOSEPH SOLAZZO, NOW UNION FREE SCHOOL DISTRICT NO. 12;

THENCE SOUTH 71° 37' EAST, ALONG SAID LAST MENTIONED LAND, 320.09 FEET TO A CONCRETE MONUMENT AND LAND NOW OR FORMERLY OF ANTHONY LEFFLER;

THENCE SOUTH 05° 54' WEST, ALONG SAID LAND NOW OR FORMERLY OF ANTHONY LEFFLER AND LATER ALONG LAND NOW OR FORMERLY OF ALMA SCHNEIDER, 416.30 FEET TO A CONCRETE MONUMENT;

THENCE SOUTH 83° 15' EAST, STILL ALONG SAID LAND NOW OR FORMERLY OF ALMA SCHNEIDER, 53.89 FEET TO A BROKEN MONUMENT AND LAND NOW OR FORMERLY OF FREDERICK FARMS, INC.;

THENCE SOUTH 05° 54' WEST, ALONG SAID LAND NOW OR FORMERLY OF FREDERICK FARMS, INC., 238.00 FEET TO THE NORTHERLY SIDE OF SPENCE STREET, AS WIDENED, AND THE POINT OR PLACE OF BEGINNING.

FOR CONVEYANCING ONLY: TOGETHER with all the right, title and interest of the party of the first part, of in and to the land lying in the street in front of and adjoining said premises.