PAYMENT IN LIEU OF TAXES AGREEMENT

THIS AGREEMENT, by and among **Roth Industries, Inc.** a Rhode Island corporation duly organized and existing under the laws of the State of Delaware (**"Company"**) and **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, an Industrial Development Agency and a Public Benefit Corporation of the State of New York ("**Agency**").

W I T N E S S E T H:

WHEREAS, the Agency was created by Chapter 369 of the Laws of 1971 of the State of New York pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York (collectively, the **"Act"**); and

WHEREAS, the Agency has agreed to (1) acquire a parcel of land containing approximately 9 acres located at 268 Bellew Avenue in the City of Watertown, Jefferson County New York (the "Land") together with an existing building located thereon containing approximately 20,000 square feet (the "Existing Facility"), (2) the construction on the Land of a new addition to the Existing Facility containing approximately 10,000 square feet of space (the "Addition") (the Existing Facility and the Addition hereinafter collectively referred to as the "Facility") and (3) the acquisition and installation therein and thereon of certain machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment be hereinafter collectively referred to as the "Project Facility") and

WHEREAS, the Agency has agreed to sell the Project Facility to the Company pursuant to an Installment Sale Agreement executed and entered into of even date herewith (the " **Installment Sale Agreement**") by and between Agency and the Company; and

WHEREAS, pursuant to Section 874 (1) of the Act, and Section 412(a) of the Real Property Tax Law of the State of New York, the Agency is exempt from the payment of taxes and assessments imposed upon real property and improvements owned by it other than special ad valorem levies, special assessments and service charges against real property located in Jefferson County which are or may be imposed for special improvements or special district improvements; and

WHEREAS, Agency and the Company deem it necessary and proper to enter into this agreement for the benefit of the Taxing Jurisdictions (as hereinafter defined) making provision for payments in lieu of taxes by the Company to the Agency, for the benefit of the respective Taxing Jurisdictions within which the Facility is or is to be located ("Taxing Jurisdictions" means, individually and collectively, Jefferson County, City of Watertown and Watertown City School District);

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

1. (a) Commencing with the tax year beginning on the next taxable status date and for the periods set forth below or until the earlier termination of the Installment Sale Agreement, the Company agrees to pay in lieu of all real estate, tangible personal property, inventory and/or other similar taxes and assessments (in addition to paying all special ad valorem levies, special assessments and service charges which are or may be imposed for special improvements or special district improvements) which would be levied upon the Project Facility during such tax years if the Facility were owned by the Company and not by the Agency, the amounts determined according to the following formula:

PILOT = AV x ATR x PR

WHERE

PILOT = Amount of payment in lieu of taxes due to the Taxing Jurisdictions for the applicable tax year.

AV = Assessed Value of the Project Facility.

ATR = Actual Tax Rate for the respective Taxing Jurisdictions for the applicable year.

PR = Payment Ratio as set forth in Table I for the applicable tax year.

TABLE I

TAX YEARS	PAYMENT RATIO
1 through 5	0.25
6 through 10	0.50
11 through 15	0.75
and thereafter	1.00

(b) Special district and/or special improvement charges, unless otherwise exempt, if any, are to be paid in full in accordance with normal billing practices.

(c) The Company shall pay, or cause to be paid the amounts set forth in Paragraph 1(a) hereof within the grace period, without penalty, applicable to taxes, assessments, special ad valorem levies, special service charges or similar tax equivalents, as the case may be, on similar property subject to taxation by the Taxing Jurisdictions during such respective tax years, subject to any late payment penalties pursuant to §874 of the Act if not made within the grace period. Any failure on the part of the Company to timely make any payments pursuant to this Agreement within ten (10) days following written notice from the Agency shall be an event of default (**"Event of Default"**) under this Agreement and under the Installment Sale Agreement. Upon such Event of Default, the Agency shall have any and/or all of the Remedies on Default set forth in the Installment Sale Agreement. Further, upon such Event of Default, the Payments In Lieu of Tax due under this Agreement shall, upon thirty (30) days written notice from the Agency to the Company, immediately bear a Payment Ratio of 1 as such term is defined in the PILOT in Paragraph 1(a) of this Agreement until such Event of Default shall be cured by the Company.

(d) The assessed value of the Project Facility shall be the value as finally determined on the Assessment Roll of the Taxing Jurisdiction for the applicable year.

2. In the event that the Project Facility is transferred from the Agency to the Company, the Facility shall be immediately subject to taxation pursuant to Sections 302 and 520 of the

New York Real Property Tax Law, as amended. However, in no event shall Company be required to pay both a PILOT and real property, tangible personal property, inventory and/or similar taxes for a concurrent tax year or portion thereof. Therefore, should the Facility be conveyed to the Company and thus become taxable pursuant to New York RPTL §520, the Taxing Jurisdictions agree that any payments payable under this Agreement as Payments in Lieu of Taxes shall be reduced by the amount of any taxes which are required to be paid under RPTL §520 for any such concurrent tax year or portion thereof, and should such Payment-in-Lieu-of-Taxes already have been made, the Taxing Jurisdictions shall refund any such amounts owing to Company.

3. To the extent the Project Facility or any part thereof is declared to be subject to taxation or assessments by an amendment to the Act, 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. Any notice required to be given under this Agreement shall be deemed to have been duly given when delivered and, if delivered by mail, postage prepaid, return receipt requested, addressed to the respective parties hereto at their respective addresses specified below or such other addresses as either party may specify in writing to the other:

Agency:	Jefferson County Industrial Development Agency Attention: Executive Director 800 Starbuck Avenue, Suite 800 Watertown, New York 13601
The Company:	Roth Industries, Inc. Attention: Jochen Drewniok President 77 Circuit Drive, North Kingstown, RI 02852-7435

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

6. This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and assigns.

7. The Company agrees to hold the Agency harmless from and against any liability arising from or any expense incurred under this Agreement, including any expense of the Agency in enforcing the terms and provisions hereof, except for any claims or liabilities arising out of the acts or omissions of the Agency.

8. This Agreement may not be assigned by the Company without the consent of the Agency which consent shall not be unreasonably withheld.

9. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes and all of which shall constitute collectively a single agreement. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement on the date set forth before the signature of its respective representative.

Dated:

Roth Industries, Inc.

By: [redacted]
Jochen Drewniok, President

Dated:

Jefferson County Industrial Development Agency

By [redacted]
James P. Fayle, Assistant Secretary

STATE OF NEW YORK)
)SS:
COUNTY OF JEFFERSON)

On the 15 day of December in the year 2005 before me, the undersigned, a notary public in and for said state, personally appeared JAMES P. FAYLE personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

[redacted]
Notary Public LISA J. BROWN
NOTARY PUBLIC, State of New York
No. [redacted]
Qualified in Clinton County
Commission Expires Nov. 25, 2006

STATE OF ~~RHODE ISLAND~~ New York)
)SS:
COUNTY OF Albany)

On the 21st day of December in the year 2005 before me, the undersigned, a notary public in and for said state, personally appeared JOCHEN DREWNIOK, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

[redacted]
Notary Public

PAMELLA WEISBERG
Notary Public, State of New York
No. [redacted]
Qualified in Rensselaer County
Commission Expires October 31, 2006

LEGAL DESCRIPTION PARCEL I:

ALL THAT TRACT OR PARCEL OF LAND situate in the City of Watertown, County of Jefferson, State of New York and being more particularly described as follows:

BEGINNING at a ¾" iron pipe found in the southwesterly street margin of Bellew Avenue South, said iron pipe also being the southeast corner of the parcel of land conveyed by Jefferson County Industrial Development Agency to Alteri Bakery, Inc. by deed recorded in the Jefferson County Clerk's Office in Liber 1706 at Page 257, on November 24, 1999;

THENCE S. 29°–22'–53" E., along the southwesterly street margin of Bellew Avenue South, a distance of 411.54 feet to a point;

THENCE generally southerly, along the southwesterly street margin of Bellew Avenue South and along a curve to the right at a radius of 539.96 feet, a distance of 215.05 feet to a point, said point being situate a direct tie of S. 17°–58'–17" E., 213.64 feet from the last mentioned point;

THENCE S. 47°–55'–14" W., along the cutback line between the southwesterly street margin of Bellew Avenue South and the northerly street margin of Rail Drive a distance of 26.62 feet to a point;

THENCE N. 87°–04'–46" W., along the northerly street margin of Rail Drive, a distance of 422.04 feet to a point;

THENCE N. 00°–01'–56" E., a distance of 230.32 feet to a point;

THENCE N. 22°–24'–44" W., a distance of 289.55 feet to a point in the southerly boundary line of the aforementioned Alteri Bakeri, Inc. parcel;

THENCE N. 78°–01'–38" E., a distance of 290.00 feet to the POINT OF BEGINNING.

CONTAINING 4.565 total acres of land, more or less.

Parcel II

Scheduled "A"

All that tract or parcel of land, situate in the City of Watertown, County of Jefferson and State of New York and being more particularly described as follows:

BEGINNING, at a ½" iron pipe found in the northeasterly street margin of Roundhouse Drive, said pipe being located a direct tie of S 08 degrees 31' 33" E 366.79 feet from the intersection of the northeasterly street margin of Roundhouse Drive with the cutback line connecting with the southeasterly street margin of Waterman Drive.

Thence N 72 degrees 37' 41" E a distance of 278.87 feet to a 5/8" rebar with cap found; thence N 69 degrees 15' 15" E a distance of 201.91 feet to a 5/8" rebar with cap found; thence S 22 degrees 24' 44" E a distance of 289.55 feet to a point; thence S 00 degrees 01' 56" W a distance of 230.32 feet to a point in the northerly street margin of Rail Drive;

Thence N 87 degrees 04' 46" W along the northerly street margin of Rail Drive a distance of 363.14 feet to a point at the intersection of the cutback line connecting Rail Drive with the northeasterly street margin of Roundhouse Drive.

Thence N 42 degrees 04' 46" W along the cutback line connecting the northerly street margin of Rail Drive with the northeasterly street margin of Roundhouse Drive a distance of 39.99 feet to point in the northeasterly street margin of Roundhouse Drive;

Thence generally northwesterly along the northeasterly street margin of Roundhouse Drive and along a curve to the left at a radius of 283.00 feet, a distance of 177.07 feet to a point, said point being situate a direct tie of N 24 degrees 24' 19" W., 174.20 feet from the last mentioned point;

Thence N 42 degrees 19' 48" W along the northeasterly street margin of Roundhouse Drive a distance of 91.12 feet to a point;

Thence generally northwesterly along the northeasterly street margin of Roundhouse Drive and being along a curve to the right at a radius of 217.00 feet a distance of 81.51 feet to the POINT OF BEGINNING said point being situate a direct tie of N 31 degrees 34' 11" W., 81.03 feet from the last mentioned point.

CONTAINING 4.298 acres of land, more or less.

SUBJECT TO a Sewer and Drainage Easement along the northerly property line of the above described 4.298 acre ± parcel and a Drainage Easement along the easterly property line of said parcel, as shown on a map titled "Subdivision Final Plat of a Portion of the Land of City of Watertown, City Center Industrial Park (CCIP), Bellew Avenue South, and Waterman Drive, City of Watertown, County of Jefferson, State of New York," dated November 15, 2000, prepared by GYMO, Architecture, Engineering & Land Surveying, P.C., Watertown, New York.

EXCEPTING AND RESERVING UNTO PARTY OF THE FIRST PART, City of Watertown, its successors and assigns forever, the right to construct, maintain, operate and replace a sanitary sewer over, upon in across, on and under the lands of the party of the second part; including the construction and permanent existence of an open drainage swale area along the northerly and easterly property lines of lands of the party of the second part, situate in the City of Watertown, County of Jefferson and State of New York, the conditions of which are more specifically hereinafter described as follows:

1. Party of the second part, its distributees, successors and assigns, shall not erect or build any structure over or upon the above described SEWER AND DRAINAGE EASEMENTS.

2. Party of the second part, shall not itself, nor shall its distributees, successors and assigns alter the landscaping within the hereinbefore described SEWER AND DRAINAGE EASEMENTS and it is also prohibited from planting trees, or shrubs etc. within the same area, so as not to impede the natural drainage flow within the swale area.

3. Party of the second part, its distributees, successors and assigns shall perpetually maintain said easement area by routine maintenance, (such as but not limited to mowing, weedwhacking, etc.). Also included as routine maintenance shall be not to allow any build up of any material that could possible impede the natural flow and drainage within said easement area; as determined by the City Engineer or his duly appointed representative.

SUBJECT TO any other rights or restrictions of record that may exist.

SUBJECT TO covenants and restrictions described in an Instrument titled City Center Industrial Park Declaration of Covenants and Restrictions dated January 8, 2004 and recorded in the Jefferson County Clerk's office under file number 2004-00000298.

IT BEING the intent to describe a portion of the parcel of land conveyed by The Owasco River Railway, Inc. to City of Watertown by deed recorded in the Jefferson County Clerk's office in Liber 1012 at Page 254, on February 7, 1986. Said parcel being a portion of City of Watertown Assessment No. 9-43-101 as shown on a map titled "Survey Map of a 4.298 Acre +/- Portion of the Land of - City of Watertown, County of Jefferson, State of New York," dated November 15, 2005 prepared by GYMO Architecture, Engineering & Land Surveying, P.C., Watertown New York.