PAYMENT IN LIEU OF TAXES AGREEMENT

THIS AGREEMENT, by and between **CURRENT APPLICATIONS, INC.,** a New York Corporation having an address of 275 Bellew Avenue South, Watertown, New York 13601 ("**Company**") and **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, an Industrial Development Agency and a Public Benefit Corporation of the State of New York having an address of 800 Starbuck Avenue, Watertown, New York 13601 ("**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 I of Article 18-A of the General Municipal Law of the State of New York (collectively, the "**Act**"); and

WHEREAS, the Agency by Resolution dated February 12, 2015 has agreed to undertake a project to construct a 10,000 square foot addition to the Company's existing building (the "**Project**") on certain land being the footprint of the new addition and a part of land located at 275 Bellew Avenue South, Watertown, New York (Tax Map Parcel No. 9-43-101.240) (the "**Land**"), in the City of Watertown, Jefferson County, New York, as more particularly described in Schedule "A" attached hereto (the Project and the Land are hereinafter referred to as the "**Facility**"); and

WHEREAS, the Company is or will be the fee title owner of the Facility; and

WHEREAS, the Company will execute and deliver to the Agency, a certain lease agreement to the Agency (the "Underlying Lease") pursuant to which the Company leases to the Agency the Facility; and

WHEREAS, the Agency will immediately thereafter lease the Facility to the Company pursuant to a Lease Agreement executed and entered into of even date herewith (the "**Lease Agreement**") by and between Agency and the Company; and

WHEREAS, pursuant to the terms of the Lease Agreement (1) the Company will agree to cause the Project to be undertaken and completed, and (2) the Agency will agree to undertake and complete the Project; 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 or under its jurisdiction, supervision or control of, 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, the Taxing Jurisdictions, which are, collectively, the City of Watertown ("**City**"), Jefferson County ("**County**") and the Watertown City School District ("**School**"), have the following taxable years: the County January 1 to December 31, the City and the School July 1 to June 30; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into this agreement, 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;

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

1. (a) For the purpose of payments to be made pursuant to this Agreement, the Completion Date for the Project shall be the earlier of six (6) months from the date the building permit was issued for any part of the Project, or the issuance of a Certificate of Occupancy for the Project, or November 1, 2015. The Company shall notify each Taxing Jurisdiction and the Agency within 30 days after the Completion Date for the Project.

   (b) Commencing with the tax year beginning on the next Taxable Status Date following the Completion Date and for the period set forth below or until the earlier termination of the Lease 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 Facility during such tax years as 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 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

Year 1 – 25% of all Real Estate Taxes;
Year 2 – 25% of all Real Estate Taxes;
Year 3 – 25% of all Real Estate Taxes;
Year 4 – 25% of all Real Estate Taxes;
Year 5 – 25% of all Real Estate Taxes;
Year 6 – 50% of all Real Estate Taxes;
Year 7 – 50% of all Real Estate Taxes;
Year 8 – 50% of all Real Estate Taxes;
Year 9 – 50% of all Real Estate Taxes;
Year 10 – 50% of all Real Estate Taxes;
Year 11 – 75% of all Real Estate Taxes;
Year 12 – 75% of all Real Estate Taxes;
Year 13 – 75% of all Real Estate Taxes;
Year 14 – 75% of all Real Estate Taxes;
Year 15 – 75% of all Real Estate Taxes;
Year 16 – 100% of all Real Estate Taxes

(c) The Company shall pay, or cause to be paid the amounts set forth in Paragraph 1(b) 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 Lease Agreement. Upon such Event of Default, the Agency shall have any and/or all of the Remedies on Default set forth in the Lease 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 100% as such term is defined in Paragraph 1(b) of this Agreement.

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

2. This Agreement shall terminate, unless it is terminated sooner pursuant to the Lease Agreement or any other provisions of this Agreement, on a date which will be 180 months from the initial Taxable Status Date ("**Termination Date**") at which time the parties agree that the Lease and Underlying Lease for the Facility shall terminate. In the event of an early termination either pursuant to this Paragraph or any other termination pursuant to this Agreement, both the Lease and the Underlying Lease shall terminate.

3. In the event that the Lease Agreement is terminated, 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 the Company be required to pay both a PILOT payment pursuant to the Agreement and real property taxes for a concurrent tax year or portion thereof. Therefore, should this occur and the Facility becomes taxable pursuant to New York RPTL Section 520, any payments payable under this Agreement as Payments required in Lieu of Taxes shall be reduced by the amount of any taxes which are required to be paid under RPTL Section 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.

4. To the extent the 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.

5. 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:

If to the Agency: Jefferson County Industrial Development Agency
800 Starbuck Avenue, Suite 800
Watertown, New York 13601
Attn: Donald C. Alexander

With a copy to: James Heary, Attorney at Law, P.C.
120 Washington Street, Suite 500
Watertown, New York 13601
Attn: James Heary, Esq.

If to the Company: Current Applications, Inc.
275 Bellew Avenue South
Watertown, New York 13601
Attn: George M. Anderson

With a copy to: Menter, Rudin & Trivelpiece, P.C.
120 Washington Street, Suite 500
Watertown, New York 13601
Attn: Joseph W. Russell, Esq.

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

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

8. This Agreement may only be assigned by the Company in accordance with Section 8.4 of the Lease Agreement.

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.

[Remainder of page intentionally left blank; signature pages to follow]

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

Date: 3/12/2015, 2015

CURRENT APPLICATIONS, INC.

By: [redacted]
George M. Anderson, President

Date: 3/12/2015, 2015

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: [redacted]
Donald C. Alexander, CEO

SCHEDULE "A"
(Legal Description of Land)

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 ½" iron pipe with cap set in the northeasterly street margin of Bellew Avenue South, said pipe being located a direct tie of S. 28°-28'-35" E., 447.33 feet from the intersection of the northeasterly street margin of Bellew Avenue South with the cutback line connecting with the southeasterly street margin of Waterman Drive;

THENCE N. 84°-14'-28" E., a distance of 492.91 feet to a ½" iron pipe with cap set;

THENCE S. 05°-10'-48" W., a distance of 488.05 feet to a ½" iron pipe with cap set in the northerly street margin of a proposed street;

THENCE in a generally southwesterly direction along the proposed street margin and along a curve to the left at a radius of 77.00 feet, a distance of 27.45 feet to a point, said point being situate a direct tie of S. 79°-47'-10" W., 27.31 feet from the last mentioned point;

THENCE S. 69°-34'-21" W., along the northwesterly proposed street margin a distance of 91.11 feet to a ½" iron pipe with cap set;

THENCE N. 87°-04'-46" W., along the northerly proposed street margin a distance of 37.55 feet to a point in the northeasterly terminus of Rail Drive;

THENCE N. 87°-04'-46" W., along the northerly street margin of Rail Drive a distance of 75.00 feet to a point at the intersection of the cutback line connecting Rail Drive with the northeasterly street margin of Bellew Avenue South;

THENCE N. 42°-04'-46" W., along the cutback line connecting the northerly margin of Rail Drive with the northeasterly street margin of Bellew Avenue South a distance of 46.05 feet to a point;

THENCE in a generally northwesterly direction along the northeasterly street margin of Bellew Avenue South and along a curve to the left at a radius of 605.96 feet, a distance of 238.44 feet to a point, said point being situate a direct tie of N. 18°-06'-31" W., 236.90 feet from the last mentioned point;

THENCE N. 29°-22'-53" W., along the northeasterly street margin of Bellew Avenue South a distance of 238.88 feet to the POINT of BEGINNING.