

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**AND**

**UPSTATE PATHOLOGY LAB OWNERSHIP, LLC**

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**PAYMENT IN LIEU OF TAX AGREEMENT**

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**Property Address:**

6624 Fly Road  
Town of Dewitt  
Onondaga County

**Tax Map Number:**

029.-02-27.3

**Affected Tax Jurisdictions:**

Onondaga County  
Town of Dewitt  
East Syracuse-Minoa School District

**Dated as of August 1, 2025**

## PAYMENT IN LIEU OF TAX AGREEMENT

THIS PAYMENT IN LIEU OF TAX AGREEMENT, dated as of May 1, 2025 (the "Agreement"), is by and between **ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation of the State of New York with offices at 335 Montgomery Street, 2<sup>nd</sup> Floor, Syracuse, New York 13202 (the "Agency") and **UPSTATE PATHOLOGY LAB OWNERSHIP, LLC**, a Florida limited liability company authorized to conduct business in New York having an office for the transaction of business located 5112 West Taft Road, Suite M, Liverpool, New York 13088 (the "Company").

### WITNESSETH:

WHEREAS, the Agency was created by Chapter 435 of the Laws of 1970 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") as a body corporate and politic and as a public benefit corporation of the State of New York; and

WHEREAS, the Company has submitted an application (the "Application") to the Agency requesting that the Agency undertake a certain project (the "Project") for the benefit of the Company (or entity to be formed by it or on its behalf) consisting of: (i) the Agency taking title to or a leasehold (or other) interest in an approximately 23.263  $\pm$  acre parcel of land located at 6624 Fly Road, Town of Dewitt, Onondaga County, New York (being more particularly identified as tax map number 029.-02-27.23) (the "Land"); (ii) the construction on the Land of (a) an approximately 109,000 square foot, three story pathology lab building; (b) state of the art lab testing equipment, drone technology; and (c) other site improvement consisting of surface parking, signage, landscaping, and sidewalks (collectively, the "Improvements"); and (iii) the acquisition and installation by the Company in and around the Land and the Improvements of items of equipment and other tangible personal property (the "Equipment"; and, together with the Land and the Improvements, the "Facility"); and

WHEREAS, pursuant to authorizing resolutions adopted by the Agency on April 10, 2025, the Agency approved, for the benefit of the Company with respect to the Project, a partial real property tax abatement structured through this Agreement; and

WHEREAS, in order to induce the Company to acquire, renovate, construct and equip the Facility, the Agency is willing to take a leasehold interest in the Land, the Improvements, and the Equipment constituting the Facility and lease said Land, the Improvements and the Equipment constituting the Facility back to the Company pursuant to the terms and conditions of a certain Leaseback Agreement to be dated as of August 1, 2025 (the "Leaseback Agreement"); and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from the payment of taxes imposed upon real property and improvements owned by it or under its jurisdiction, control or supervision, other than special ad valorem levies, special assessments and service charges against real property 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 provisions for payments in lieu of taxes by the Company to the Agency for the benefit of Onondaga County (the "County"), the Town of Dewitt (the "Town"), and the East Syracuse-Minoa Central School District (the "School District"; and, collectively with the County, the and the Town, the "Affected Tax Jurisdictions").

NOW, THEREFORE, in consideration of the covenants herein contained, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

#### Section 1 - Payment in Lieu of Ad Valorem Taxes:

Section 1.1 A. Subject to the completion and filing by the Agency by the taxable status date (**March 1, 2026**) (the "Taxable Status Date") of New York State Form RP-412-a "Application For Real Property Tax Exemption" (the "Exemption Application") under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act and the approval of the Exemption Application by the appropriate assessors or Board of Assessment Review, the Facility shall be exempt from Real Estate Taxes (as defined below) commencing with the (i) the 2027 County and Town tax year, and (ii) the 2026-2027 School District tax year. For purposes of the foregoing "Real Estate Taxes" means all general levy real estate taxes levied against the Facility by the County, Town and School District. The Company shall provide to the Agency with the information necessary for the completion and filing of the Exemption Application and shall provide such additional information and take such actions as are required by the appropriate assessors or Board of Assessment Review to process and approve the Exemption Application. Notwithstanding anything contained herein or in the Leaseback Agreement to the contrary, in the event the exemption from Real Estate Taxes is denied for any reason, the Company shall pay (and hereby agrees to pay) all Real Estate Taxes levied upon the Facility as they become due. After giving written notice to the Agency, the Company may in good faith contest the denial of the Exemption Application, provided that (i) the overall operating efficiency of the Facility is not impaired and the Facility continues to qualify as a "project" under the Act; (ii) neither the Facility nor any part of or interest in it would be in any danger of being sold, forfeited or lost; or (iii) neither the Company nor the Agency, as a result of such contest, shall be in any danger of any civil or criminal liability. The Company hereby waives any claim or cause of action against the Agency, and releases the Agency from any liability to the Company, arising from the denial of an exemption from Real Estate Taxes except to the extent that such denial results solely from the failure of the Agency to file the Exemption Application with the appropriate assessors or Board of Assessment Review by the Taxable Status Date.

B. Payee. Agreement to Make Payments. As long as the Facility is owned by or leased to the Agency by the Company, the Company agrees to pay annually to the Affected Tax Jurisdictions as a payment in lieu of taxes within the period that each Affected Tax Jurisdiction allows payment of taxes levied in such fiscal year without penalty (collectively, the "Payment Date"), an amount equal to the Total Tax Payment, as described in **Schedule A** attached hereto. The Company shall make all such Total Tax Payments in the amounts and on the dates specified above, whether or not any such Total Tax Payment is billed by the Agency, the Affected Tax Jurisdictions, or any other party.

The parties agree and acknowledge that payments made hereunder are to obtain revenues for public purposes, and to provide a revenue source that the Affected Tax Jurisdictions would otherwise lose because the Land is not on the tax rolls.

1.2 Allocation. The Agency shall remit to the Affected Tax Jurisdictions amounts received hereunder, *if any*, within thirty (30) days of receipt of said payment and shall allocate said payments among the Affected Tax Jurisdictions in the same proportion as ad valorem taxes would have been allocated but for the Agency's involvement, unless the Affected Tax Jurisdictions have consented in writing to an alternative allocation.

1.3 Tax Rates. For purposes of determining the allocation of the Total PILOT Payment among the Affected Tax Jurisdictions, the Agency shall use the last tax rate utilized for levy of taxes by each such jurisdiction. For County, Town and special district purposes, the tax rates used to determine the allocation of the Total PILOT Payment shall be the tax rates relating to the calendar year which includes the PILOT payment due date. For School District purposes, the tax rates used to determine the PILOT payment shall be the rate relating to the School District year(s) which include the PILOT payment due date.

1.4 Valuation of Future Additions to the Facility: If there shall be a future addition to the Facility constructed or added in any manner after the date of this Agreement, the Company shall notify the Agency of such future addition ("Future Addition"). The notice to the Agency shall contain a copy of the application for a building permit, plans and specifications, and any other relevant information that the Agency may thereafter request. Upon the earlier of substantial completion, or the issuance of a certificate of occupancy for any such Future Addition to the Facility, the Company shall become liable for payment of an increase in the Total PILOT Payment (the "Increased PILOT Payment"). The Agency shall notify the Company of any proposed increase in the Total PILOT Payment related to such Future Addition. If the Company shall disagree with the determination of assessed value for any Future Additions made by the Agency, then and in that event that valuation shall be fixed by a court of competent jurisdiction. Notwithstanding any disagreement between the Company and the Agency, the Company shall pay the Increased PILOT Payment until a different Total PILOT Payment shall be established. If a lesser Total PILOT Payment is determined in any proceeding or by subsequent agreement of the parties, the Total PILOT Payment shall be re-computed and any excess payment shall be refunded to the Company or, in the Agency's sole discretion, such excess payment shall be applied as a credit against the next succeeding PILOT payment(s).

1.5 Period of Benefits Period of Benefits. The tax benefits provided for herein should be deemed to include (i) the 2026-2027 School District tax year through the 2035-2036 School District tax year, and (ii) the 2027 County and Town tax year through the 2036 County and Town tax year. This Agreement shall expire on **March 31, 2036**; *provided, however*, the Company shall pay (i) the 2036-2037 School District tax bill and (ii) the 2037 County and Town tax bills in the amounts as if the Agency were not in title on the tax status date with respect to said tax years. In no event shall the Company be entitled to receive tax benefits relative to the Facility for more than the periods provided for herein, unless the period is extended by amendment to this Agreement executed by both parties after any applicable public hearings. The Company agrees that it will not seek any tax exemption for the Facility while this Agreement is in effect, which could provide benefits for more than the periods provided for herein and specifically agrees that the exemptions

provided for herein, to the extent actually received (based on the number of lease years elapsed), supersede and are in substitution of the exemptions provided by Section 485-b of the New York Real Property Tax Law ("RPTL"). It is hereby agreed and understood that the Affected Tax Jurisdictions can rely upon and enforce the above waiver to the same extent as if they were signatories hereto.

Section 2 - Special District Charges, Special Assessments and other Charges. Special district charges, special assessments, and special ad valorem levies (specifically including, but not limited to, fire district charges), and pure water charges and sewer charges are to be paid in full in accordance with normal billing practices.

Section 3 - Transfer of Facility. In the event that the Facility is transferred from the Agency to the Company, and the Company is ineligible for a continued tax exemption under some other tax incentive program, or the exemption results in a payment to the Affected Tax Jurisdictions in excess of the payment described in Section 1 herein, or this Agreement terminates and the property is not timely transferred back to the Company, the Company agrees to pay no later than the next tax lien date (plus any applicable grace period), to each of the Affected Tax Jurisdictions, an amount equal to the taxes and assessments which would have been levied on the Facility if the Facility had been classified as fully taxable as of the date of transfer or loss of eligibility of all or a portion of the exemption described herein or date of termination.

Section 4 - Assessment Challenges.

4.1 During the term of this Agreement, the Company shall have the rights and remedies of a taxpayer as if and to the same extent as if the Company were the owner of the Facility, with respect to any proposed assessment or change in assessment with respect to the Facility by any of the Affected Tax Jurisdictions and likewise shall be entitled to protest before and be heard by the appropriate assessors or Board of Assessment Review, and shall not be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment or the validity or amount of any tax equivalent provided for herein.

4.2 The Company shall have all of the rights and remedies of a taxpayer with respect to any tax, service charge, special benefit, ad valorem levy, assessment, or special assessment or service charge in lieu of which the Company is obligated to make a payment pursuant to this Agreement, as if and to the same extent as if the Company were the owner of the Facility.

4.3 The Company shall (i) cause the appropriate real estate tax assessment office and tax levy officers to assess the Facility and apply tax rates to the respective assessments as if the Facility were owned by the Company, (ii) file any accounts or tax returns required by the appropriate real estate tax assessment office and tax levy officers.

Section 5 - Changes in Law. To the extent the Facility is declared to be subject to taxation or assessment by an amendment to the Act, other legislative change, or by final judgment of a Court of competent jurisdiction, the obligations of the Company hereunder shall, to such extent, be null and void.

## Section 6 - Events of Default.

6.1 The following shall constitute "Events of Default" hereunder. The failure by the Company to: (i) make the payments described in Section 1 hereof within thirty (30) days of the Payment Date (the "Delinquency Date"); (ii) make any other payments described herein on or before the last day of any applicable cure period within which said payment can be made without penalty ; or (iii) the occurrence and continuance of any event of default under the Leaseback Agreement after any applicable cure periods. Upon the occurrence of any Event of Default hereunder, in addition to any other right or remedy the Agency and/or the Affected Tax Jurisdictions may have at law or in equity, the Agency and/or Affected Tax Jurisdictions may, immediately and without further notice to the Company (but with notice to the Agency with respect to actions maintained by the Affected Tax Jurisdictions), pursue any action in the courts to enforce payment or to otherwise recover directly from the Company any amounts so in default. The Agency and the Company hereby acknowledge the right of the Affected Tax Jurisdictions to recover directly from the Company any amounts so in default pursuant to Section 874(6) of the General Municipal Law and the Company shall immediately notify the Agency of any action brought, or other measure taken, by any Affected Tax Jurisdiction to recover any such amount.

6.2 If payments pursuant to Section 1 and Section 2 herein are not made by the Delinquency Dates, or if any other payment required to be made hereunder is not made by the last day of any applicable cure period within which said payment can be made without penalty, the Company shall pay penalties and interest as follows. With respect to payments to be made pursuant to Section 1 herein, if said payment is not received by the Delinquency Date defined in Section 6.1 herein, Company shall pay, in addition to said payment, (i) a late payment penalty equal to five percent (5%) of the amount due and (ii) for each month, or any part thereof, that any such payment is delinquent beyond the first month, interest on the total amount due plus the late payment penalty, in an amount equal to one percent (1%) per month; and, with respect to all other payments due hereunder, if said payment is not paid within any applicable cure period, the Company shall pay, in addition to said payment, the greater of the applicable penalties and interest or penalties and interest which would have been incurred had payments made hereunder been tax payments to the Affected Tax Jurisdictions.

Section 7 - Assignment. No portion of any interest in this Agreement may be assigned by the Company, nor shall any person other than the Company be entitled to succeed to or otherwise obtain any benefits of the Company hereunder without the prior written consent of the Agency, which shall not be unreasonably withheld or delayed.

## Section 8 - Miscellaneous.

8.1 This Agreement may be executed in any number of counterparts each of which shall be deemed an original but which together shall constitute a single instrument.

8.2 All notices, claims and other communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or mailed first class, postage prepaid, as follows:

To the Agency: Onondaga County Industrial Development Agency  
335 Montgomery Street, 2nd Floor  
Syracuse, New York 13202  
Attn: Executive Director  
e-mail: [economicdevelopment@ongov.net](mailto:economicdevelopment@ongov.net)

With a copy to: Harris Beach Murtha Cullina PLLC  
99 Garnsey Road  
Pittsford, New York  
Attn: Christopher A. Andreucci, Esq.  
e-mail: [candreucci@harrisbeachmurtha.com](mailto:candreucci@harrisbeachmurtha.com)

To the Company: Upstate Pathology Lab Ownership, LLC  
5112 West Taft Road, Suite M  
Liverpool, New York 13088  
Attn: John D. Murphy, Jr., Manager  
e-mail: [jmurphy@hallmarkre.com](mailto:jmurphy@hallmarkre.com)

With a copy to: Barclay Damon LLP  
125 E. Jefferson Street  
Syracuse, New York 13202  
Attn: Kevin McAuliffe, Esq.  
e-mail: [kmcauliffe@barclaydamon.com](mailto:kmcauliffe@barclaydamon.com)

or at such other address as any party may from time to time furnish to the other party by notice given in accordance with the provisions of this Section. All notices shall be deemed given when mailed or personally delivered in the manner provided in this Section.


8.3 This Agreement shall be governed by, and all matters in connection herewith shall be construed and enforced in accordance with, the laws of the State of New York applicable to agreements executed and to be wholly performed therein and the parties hereto hereby agree to submit to the personal jurisdiction of the federal or state courts located in the Onondaga County, New York.

8.4 Notwithstanding any other term or condition contained herein, all obligations of the Agency hereunder shall constitute a special obligation payable solely from the revenues and other monies, if any, derived from the Facility and paid to the Agency by the Company. Neither any member, officer, employee, agent (other than the Company) or servant of the Agency nor any person executing this Agreement on its behalf shall be liable personally under this Agreement. No recourse shall be had for the payment of the principal or interest on amounts due hereunder or for any claim based upon or in respect of any modification of or supplement hereto against any past, present or future member, officer, agent (other than the Company), servant, or employee, as such, of the Agency, or of any successor or political subdivision, either directly or through the Agency or any such successor, all such liability of such members, officer, agents (other than the Company), servants and employees being, to the extent permitted by law, expressly waived and released by the acceptance hereof and as part of the consideration for the execution of this Agreement.

[Signature Page to PILOT Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Payment-in-Lieu-of-Tax Agreement as of the day and year first above written.

**ONONDAGA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY**

By:   
Name: Robert M. Petrovich  
Title: Executive Director

**UPSTATE PATHOLOGY LAB OWNERSHIP,  
LLC**

By: \_\_\_\_\_  
Name:  
Title:



[Signature Page to PILOT Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Payment-in-Lieu-of-Tax Agreement as of the day and year first above written.

**ONONDAGA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY**

By: \_\_\_\_\_  
Name: Robert M. Petrovich  
Title: Executive Director

**UPSTATE PATHOLOGY LAB OWNERSHIP,  
LLC**

By: \_\_\_\_\_  
Name: John D. Murphy Jr.  
Title: Manager

**SCHEDULE A**  
to  
PILOT Agreement, dated as of August 1, 2025,  
by and between  
Onondaga County Industrial Development Agency  
and  
Upstate Pathology Lab Ownership, LLC

Tax Year	School District Tax Year	Town and County Tax Year	School District Tax Payment	Town Tax Payment	County Tax Payment	Total Tax Payment
1	2026-27	2027	\$ 19,462	\$ 4,660	\$ 3,714	\$ 27,836
2	2027-28	2028	\$ 51,280	\$ 12,280	\$ 9,785	\$ 73,344
3	2028-29	2029	\$ 84,363	\$ 20,202	\$ 16,097	\$ 120,662
4	2029-30	2030	\$ 118,749	\$ 28,436	\$ 22,658	\$ 169,843
5	2030-31	2031	\$ 154,477	\$ 36,991	\$ 29,476	\$ 220,944
6	2031-32	2032	\$ 191,586	\$ 45,877	\$ 36,556	\$ 274,020
7	2032-33	2033	\$ 230,118	\$ 55,104	\$ 43,908	\$ 329,131
8	2033-34	2034	\$ 270,114	\$ 64,682	\$ 51,540	\$ 386,336
9	2034-35	2035	\$ 311,619	\$ 74,620	\$ 59,460	\$ 445,699
10	2035-36	2037	\$ 354,675	\$ 84,931	\$ 67,675	\$ 507,281
11	Full Taxes					