



Original

101 Heartland Blvd.
Edgewood, NY 11717

Tel 631-254-3030
Fax 631-254-8697

June 13, 2018
Town of Islip Industrial Development Agency
40 Nassau Ave.
Islip, NY 11717

Enclosed is the completed application for financial assistance. This request is made for retention. There are two (2) location in this application which are labeled A & B.

I have enclosed all the necessary documents as requested with the application. Please notify me if any other documentation is needed or if there are any questions. I can be reached by phone at (631) 254-3030 or by email: jdisalvo@usalliancepaper.com.

Thank You

A handwritten signature in black ink that reads "John D. DiSalvo".

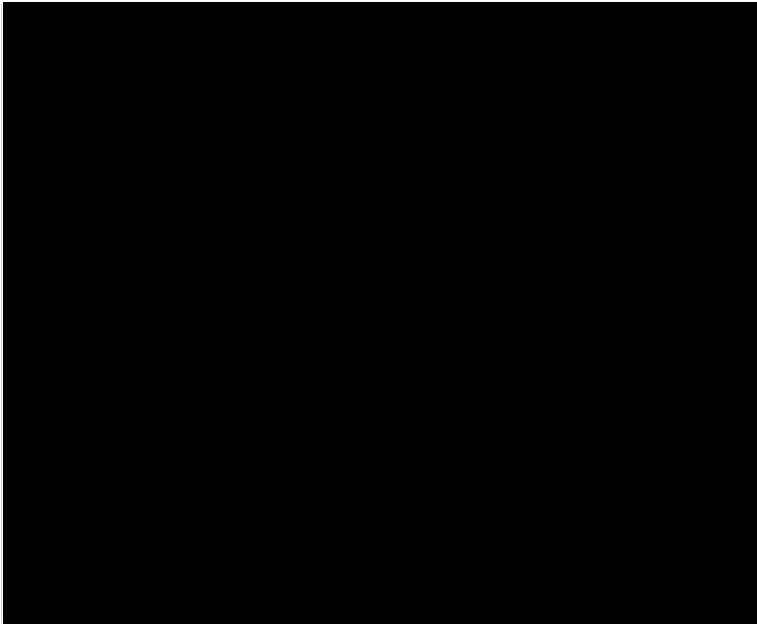
John D. DiSalvo
Chief Financial Officer
US Alliance Paper, Inc.

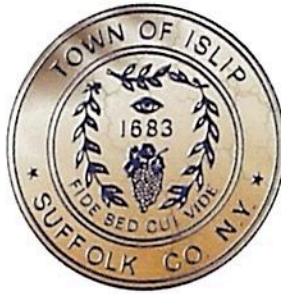


US ALLIANCE PAPER, Inc.

Shareholder Listing

2. User Data Item F





Town of Islip Industrial Development Agency

40 Nassau Ave, Islip, New York

Office - 631-224-5512/Fax – 631-224-5532

www.IslipIDA.com

APPLICATION FOR FINANCIAL ASSISTANCE

DATE: May 17, 2018

APPLICATION OF: U.S. Alliance Paper, Inc.

Name of Owner and/or User of Proposed Project

ADDRESS: 101 & 111 Heartland Blvd and 110 Wilshire Blvd
Edgewood, NY 11717

Type of Application: ☐ Tax-Exempt Bond ☐ Taxable Bond
☒ Straight Lease ☐ Refunding Bond

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APPLICANT INSTRUCTIONS

- In order for the Town of Islip IDA Application to be reviewed in a timely manner, it must be complete. All questions must be answered and all required attachments must be included.
- Use "None" or "Not Applicable" where necessary
- All applicants must submit an original and two (2) copies of all documents to the Agency
- All applications must be accompanied by a \$1,000 non-refundable application fee made out to the **Town of Islip Industrial Development Agency**, and a \$500 non-refundable fee made out to the **Town of Islip** for the EAF Review, which is required by the State Environmental Quality Review Act (SEQRA). *If the project has already undergone a SEQRA review during the preview process, then applicant can submit the completed EAF in lieu of the fee*

APPLICANT CHECKLIST

- ☒ I have completed all sections of the application
- ☒ I have signed and notarized the Certification Section (Part IX)
- ☒ I have signed Schedule A regarding the Fee Structure for all IDA transactions
- ☒ I have attached all company financial information required by Part VIII
- ☒ I have completed and signed the Environmental Assessment Form required by SEQRA (if the project has already undergone SEQRA review, submit completed EAF) *→ Location A*
- ☒ I have completed Form RP485-b as required by Real Property Tax Law *→ Location B*
- ☐ I have submitted the original and two (2) copies of all application materials to the Agency for review
- ☐ I have submitted an application fee check for \$1000 payable to the **Town of Islip IDA**
- ☐ I have submitted a \$500 check payable to the **Town of Islip** for the SEQRA review, or the completed EAF

The EAF for location B is attached. A \$500 check and a completed SEQRA for location A is enclosed since the landlord was unable to find the EAF for location A. This application is for Retention and not new construction. The completed EAF was obtained when the buildings were built many years ago. Please return the \$500 check if a new EAF is not necessary since it should already be on file.

Part I: Owner & User Data

A. Owner (Applicant for assistance): Heartland Boys III L.P.

Owner Officer Certifying Application: David Wolkoff

E-mai

State of Incorporation/Formation: New York

Real Estate Ownership

E-mail: [REDACTED]

E. Principal Stockholders, Members or Partners, if any, of the Owner (5% or more equity):

Name	Percent Owned
Trust f/b/o Adam Wolkoff	49.5
Trust f/b/o David Wolkoff	49.5

F. Has the Owner, or any subsidiary or affiliate of the Owner, or any stockholder, partner, member, officer, director or other entity with which any of these individuals is or has been associated with:

- i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (if yes, please explain)

No

- ii. been convicted of a felony, or misdemeanor, or criminal offense (other than a motor vehicle violation)? (if yes, please explain)

No

G. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the Owner, list all other organizations which are related to the Owner by virtue of such persons having more than a 50% interest in such organizations.

Various "Heartland" entities

H. Is the Owner related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

Various "Heartland" entities

I. List parent corporation, sister corporations and subsidiaries:

Various "Heartland" entities

Part I: Owner & User Data

A. Owner (Applicant for assistance): ZTA Rental Properties L.P.

Federal Employer ID #: _____ Website: _____

Owner Officer Certifying Application: David Wolkoff

Phone Number: [REDACTED] E-mail: [REDACTED]

Sole Proprietorship ☐ Partnership ☒ Privately Held ☐

State of Incorporation/Formation: New York

(e.g., “manufacturer of _____ for _____ industry”; “distributor of _____”; or “real estate holding company”)

Firm Name: Howard Vingan

Individual Attorney:

Phone Number: [REDACTED] E-mail: [REDACTED]

E. Principal Stockholders, Members or Partners, if any, of the Owner (5% or more equity):

Name	Percent Owned
Trust f/b/o Zachary Wolkoff	33%
Trust f/b/o Tyler Wolkoff	33%
Trust f/b/o Alexi Wolkoff	33%

F. Has the Owner, or any subsidiary or affiliate of the Owner, or any stockholder, partner, member, officer, director or other entity with which any of these individuals is or has been associated with:

- i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (if yes, please explain)

No

- ii. been convicted of a felony, or misdemeanor, or criminal offense (other than a motor vehicle violation)? (if yes, please explain)

No

G. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the Owner, list all other organizations which are related to the Owner by virtue of such persons having more than a 50% interest in such organizations.

Various "Heartland" entities

H. Is the Owner related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

Various "Heartland" entities

I. List parent corporation, sister corporations and subsidiaries:

Various "Heartland" entities

- J. Has the Owner (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town or village, or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

Various transactions in the Heartland Business Center, Edgewood, NY

- K. List major bank references of the Owner:

Capital One Bank

2. User Data

Same for Location A + B
(for co-applicants for assistance or where a landlord/tenant relationship will exist between the owner and the user)

- A. User (together with the Owner, the "Applicant"): U.S. Alliance Paper, Inc.

Address: 101& 111 Heartland Blvd
Edgewood, NY 11717

Federal Employer ID #: [REDACTED] Website: usalliancepaper.com

NAICS Code: [REDACTED]

User Officer Certifying Application: John Saraf

Title of Officer: President/CEO

Phone Number: [REDACTED] E-mail: [REDACTED]

- B. Business Type:

Sole Proprietorship ☐ Partnership ☐ Privately Held ☒

Public Corporation ☐ Listed on _____

State of Incorporation/Formation: New York

- C. Nature of Business:

(e.g., "manufacturer of _____ for _____ industry"; "distributor of _____"; or "real estate holding company")

Manufacturing of paper napkins, towel, facial and bath tissue

D. Are the User and the Owner Related Entities? Yes ☐ No ☒

i. If yes, the remainder of the questions in this Part I, Section 2 (with the exception of "F" below) need not be answered if answered for the Owner.

ii. If no, please complete all questions below.

E. User's Counsel:

Firm Name: Reed Smith LLP

Address: 599 Lexington Ave.

New York, New York 10022

Individual Attorney: Mark Goldstein

Phone Number: [REDACTED]

E-mail: [REDACTED]

F. Principal Stockholders or Partners, if any (5% or more equity):

Name

Percent Owned

Several Shareholders

See attached list

G. Has the User, or any subsidiary or affiliate of the User, or any stockholder, partner, officer, director or other entity with which any of these individuals is or has been associated with:

i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (if yes, please explain)

No

ii. been convicted of a felony or criminal offense (other than a motor vehicle violation)? (if yes, please explain)

No

- H. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the User, list all other organizations which are related to the User by virtue of such persons having more than a 50% interest in such organizations.

No

- I. Is the User related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

No

- J. List parent corporation, sister corporations and subsidiaries:

None

- K. Has the User (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town or village, or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

Yes - previous tax abatement

- L. List major bank references of the User:

Chase Bank

Part II – Operation at Current Location

***** (if the Owner and the User are unrelated entities, answer separately for each) *****

1. Current Location Address: 101 & 111 Heartland Blvd, and 110 Willshire Blvd. Edgewood, NY 11717

2. Owned or Leased: All Buildings Leased

3. Describe your present location (acreage, square footage, number buildings, number of floors, etc.):

Location A 101 Heartland & 111 Heartland Blvd. (10.55 acres - 2 buildings approx. 80,000sqft each, 1 floor)

Location B) and 110 Wilshire Blvd. (9.31 acres - 1 Building, 150,000sqft, 1 floor)

4. Type of operation (manufacturing, wholesale, distribution, retail, etc.) and products and/or services:

Manufacturing of paper napkins, towel, facial and bath tissue

5. Are other facilities or related companies of the Applicant located within the State?

Yes ☐ No ☒

A. If yes, list the Address: _____

6. If yes to above ("5"), will the completion of the project result in the removal of such facility or facilities from one area of the state to another OR in the abandonment of such facility or facilities located within the State? Yes ☐ No ☒

A. If no, explain how current facilities will be utilized: _____

To continue operations in NYS and maintain current workforce

- B. If yes, please indicate whether the project is reasonably necessary for the Applicant to maintain its competitive position in its industry or remain in the State and explain in full:

7. Has the Applicant actively considered sites in another state? Yes ☒ No ☐

A. If yes, please list states considered and explain: Pennsylvania and Ohio

8. Is the requested financial assistance reasonably necessary to prevent the Applicant from moving out of New York State? Yes ☒ No ☐

A. Please explain: The Overhead cost of Real Estate, Real Estate Taxes, Utilities and transportation in NY

make it difficult to provide a cost competitive product.

9. Number of full-time employees at current location and average salary: 160 full time
employees with an average annual salary of \$37,942

Part III – Project Data

1. Project Type:

A. What type of transaction are you seeking?: (Check one)

Straight Lease ☒ Taxable Bonds ☐ Tax-Exempt Bonds ☐
Equipment Lease Only ☐

B. Type of benefit(s) the Applicant is seeking: (Check all that apply)

Sales Tax Exemption ☐ Mortgage Recording Tax Exemption ☐
PILOT Agreement: ☒

2. Location of project:

A. Street Address: 101 & 111 Heartland Blvd and 110 Wilshire Blvd, Edgewood, NY 11717

B. Tax Map: District 500 Section 134 Block 5 Lot(s) 3.001 A
500 112 3 1.018 B

C. Municipal Jurisdiction:

i. Town: Islip
ii. Village: _____
iii. School District: Brentwood

D. Acreage: 10.55 and 9.31

3. Project Components (check all appropriate categories): N/A

A. Construction of a new building ☐ Yes ☐ No

i. Square footage: _____

B. Renovations of an existing building ☐ Yes ☐ No

i. Square footage: _____

C. Demolition of an existing building

i. Square footage: _____

D. Land to be cleared or disturbed ☐ Yes ☐ No

i. Square footage/acreage: _____

E. Construction of addition to an existing building ☐ Yes ☐ No

i. Square footage of addition: _____

ii. Total square footage upon completion: _____

F. Acquisition of an existing building ☐ Yes ☐ No

i. Square footage of existing building: _____

G. Installation of machinery and/or Equipment ☐ Yes ☐ No

i. List principal items or categories of equipment to be acquired: _____

4. Current Use at Proposed Location:

A. Does the Applicant currently hold fee title to the proposed location?

i. If no, please list the present owner of the site: Heartland Boys III, L.P.

B. Present use of the proposed location: _____

Manufacturing

C. Is the proposed location currently subject to an IDA transaction (whether through this Agency or another?) ☐ Yes ☒ No

i. If yes, explain: _____

D. Is there a purchase contract for the site? (if yes, explain): ☐ Yes ☒ No

E. Is there an existing or proposed lease for the site? (if yes, explain): ☒ Yes ☐ No

US Alliance is presently in Negotiations with the Land Owner

5. Proposed Use:

A. Describe the specific operations of the Applicant or other users to be conducted at the project site: _____

Maintain the current manufacturing operations

B. Proposed product lines and market demands: _____

Paper napkin, towel, facial and bath tissue

C. If any space is to be leased to third parties, indicate the tenant(s), total square footage of the project to be leased to each tenant, and the proposed use by each tenant:

D. Need/purpose for project (e.g., why is it necessary, effect on Applicant's business):

To prevent the business from moving out of state where real estate and overhead costs for manufacturing are considerably lower
allowing the company to be more competitive in the industry and retain customers.

E. Will any portion of the project be used for the making of retail sales to customers who personally visit the project location? Yes ☐ No ☒

i. If yes, what percentage of the project location will be utilized in connection with the sale of retail goods and/or services to customers who personally visit the project location? _____

6. Project Work: *N/A*

A. Has construction work on this project begun? If yes, complete the following:

i. Site Clearance:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	% COMPLETE	_____
ii. Foundation:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	% COMPLETE	_____
iii. Footings:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	% COMPLETE	_____
iv. Steel:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	% COMPLETE	_____
v. Masonry:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	% COMPLETE	_____
vi. Other:	_____			

B. What is the current zoning?: _____

C. Will the project meet zoning requirements at the proposed location?

Yes ☐ No ☐

D. If a change of zoning is required, please provide the details/status of the change of zone request: _____

E. Have site plans been submitted to the appropriate planning department? Yes ☐ No ☐

7. Project Completion Schedule: *N/A*

A. What is the proposed commencement date for the acquisition and the construction/renovation/equipping of the project?

i. Acquisition: _____

ii. Construction/Renovation/Equipping: _____

- B. Provide an accurate estimate of the time schedule to complete the project and when the first use of the project is expected to occur: _____

Part IV – Project Costs and Financing

N/A

1. Project Costs:

- A. Give an accurate estimate of cost necessary for the acquisition, construction, renovation, improvement and/or equipping of the project location:

<u>Description</u>	<u>Amount</u>
Land and/or building acquisition	\$ _____
Building(s) demolition/construction	\$ _____
Building renovation	\$ _____
Site Work	\$ _____
Machinery and Equipment	\$ _____
Legal Fees	\$ _____
Architectural/Engineering Fees	\$ _____
Financial Charges	\$ _____
Other (Specify)	\$ _____
Total	\$ _____

2. Method of Financing:

	<u>Amount</u>	<u>Term</u>
A. Tax-exempt bond financing:	\$ _____	_____ years
B. Taxable bond financing:	\$ _____	_____ years
C. Conventional Mortgage:	\$ _____	_____ years
D. SBA (504) or other governmental financing:	\$ _____	_____ years
E. Public Sources (include sum of all State and federal grants and tax credits):	\$ _____	
F. Other loans:	\$ _____	_____ years
G. Owner/User equity contribution:	\$ _____	_____ years

Total Project Costs \$ _____

- i. What percentage of the project costs will be financed from public sector sources?

3. Project Financing:

- A. Have any of the above costs been paid or incurred (including contracts of sale or purchase orders) as of the date of this application? Yes ☐ No ☐

- i. If yes, provide detail on a separate sheet.

- B. Are costs of working capital, moving expenses, work in progress, or stock in trade included in the proposed uses of bond proceeds? Give details:

- C. Will any of the funds borrowed through the Agency be used to repay or refinance an existing mortgage or outstanding loan? Give details:

- D. Has the Applicant made any arrangements for the marketing or the purchase of the bond or bonds? If so, indicate with whom:

Part V – Project Benefits

1. Mortgage Recording Tax Benefit:

- A. Mortgage Amount for exemption (include sum total of construction/permanent/bridge financing):

\$ _____

- B. Estimated Mortgage Recording Tax Exemption (product of Mortgage Amount and ____%):

\$ _____

2. Sales and Use Tax Benefit:

- A. Gross amount of costs for goods and services that are subject to State and local Sales and Use Tax (such amount to benefit from the Agency's exemption):

\$ _____

- B. Estimated State and local Sales and Use Tax exemption (product of ____% and figure above):

\$ _____

- C. If your project has a landlord/tenant (owner/user) arrangement, please provide a breakdown of the number in "B" above:

i. Owner: \$ _____

ii. User: \$ _____

3. Real Property Tax Benefit:

- A. Identify and describe if the project will utilize a real property tax exemption benefit other than the Agency's PILOT benefit: _____

- B. Agency PILOT Benefit:

i. Term of PILOT requested: 12 Years

- ii. Upon acceptance of this application, the Agency staff will create a PILOT schedule and indicate the estimated amount of PILOT Benefit based on anticipated tax rates and assessed valuation and attached such information to Exhibit A hereto. At such time, the Applicant will certify that it accepts the proposed PILOT schedule and requests such benefit to be granted by the Agency.

**** This application will not be deemed complete and final until Exhibit A hereto has been completed and executed.****

Part VI – Employment Data

1. List the Applicant's and each users present employment, and estimates of (i) employment at the proposed project location at the end of year one and year two following project completion and (ii) the number of residents of the Labor Market Area* ("LMA") that would fill the full-time and part-time jobs at the end of year second year following completion:

	<u>Present</u>	<u>First Year</u>	<u>Second Year</u>	<u>Residents of LMA</u>
Full-Time	<u>160</u>	<u>160</u>	<u>160</u>	<u>150</u>
Part-Time**	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

* The Labor Market Area includes the County/City/Town/Village in which the project is located as well Nassau and Suffolk Counties.

** Agency staff converts Part-Time jobs into FTEs for state reporting purposes by dividing the number of Part-Time jobs by two (2).

2. Salary and Fringe Benefits:

Category of Jobs to be Retained and Created	Average Salary or Range of Salary	Average Fringe Benefits or Range of Fringe Benefits
Salary Wage Earners	\$65,000 to \$200,000	0 - \$3,000
Commission Wage Earners		
Hourly Wage Earners	\$22,000 to \$120,000	0 - \$2,000
1099 and Contract Workers	None	

Note: The Agency reserves the right to visit the facility to confirm that job creation numbers are being met.

Part VII – Representations, Certifications and Indemnification

1. Is the Applicant in any litigation which would have a material adverse effect on the Applicant's financial condition? (if yes, furnish details on a separate sheet)

Yes ☐ No ☒

2. HAS THE APPLICANT OR ANY OF THE MANAGEMENT OF THE APPLICANT, THE ANTICIPATED USERS OR ANY OF THEIR AFFILIATES, OR ANY OTHER CONCERN WITH WHICH SUCH MANAGEMENT HAS BEEN CONNECTED, BEEN CITED FOR A VIOLATION OF FEDERAL, STATE OR LOCAL LAWS OR REGULATIONS WITH RESPECT TO LABOR PRACTICES, HAZARDOUS WASTES, ENVIRONMENTAL POLLUTION OR OTHER OPERATING PRACTICES? (IF YES, FURNISH DETAILS ON A SEPARATE SHEET)

Yes ☐ No ☒

3. Is there a likelihood that the Applicant would not proceed with this project without the Agency's assistance? (If yes, please explain why; if no, please explain why the Agency should grant the benefits requested)

Yes ☒ No ☐

U.S. Alliance would continue its process with their current consultants to relocate

-
4. If the Applicant is unable to obtain financial assistance from the Agency for the project, what would be the impact on the Applicant and on the municipality?

The applicant would continue seeking to relocate and
there would be a loss of approx. 160 jobs in the local area

5. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if financial assistance is provided for the proposed project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

Initial 

6. The Applicant understands and agrees that in accordance with Section 858-b(2) of the General Municipal Law, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the project will be listed with the New York State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Job Training Partnership Act (PL 97-300) in which the project is located (collectively, the "Referral Agencies"). The Applicant also agrees, that it will, except as otherwise provided by collective bargaining contracts or agreements to which they are parties, first consider for such new employment opportunities persons eligible to participate in federal job training partnership programs who shall be referred by the Referral Agencies

Initial 

7. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving financial assistance for the proposed project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.

Initial 

8. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any financial assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.

Initial



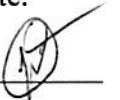
9. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.

Initial



10. In accordance with Section 862(1) of the New York General Municipal Law the Applicant understands and agrees that projects which result in the removal of an industrial or manufacturing plant of the project occupant from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the project occupant within the State is ineligible for financial assistance from the Agency, unless otherwise approved by the Agency as reasonably necessary to preserve the competitive position of the project in its respective industry or to discourage the project occupant from removing such other plant or facility to a location outside the State.

Initial



11. The Applicant represents and warrants that to the Applicant's knowledge neither it nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents is, nor will they become a person or entity with who United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (OFAC) of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List or under any statute, executive order including the September 24, 2001, Executive Order Block Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, or other governmental action and is not and will not assign or otherwise transfer this Agreement to, contract with or otherwise engage in any dealings or transactions or be otherwise associated with such persons or entities.

Initial



12. The Applicant confirms and hereby acknowledges it has received the Agency's fee schedule attached hereto as Schedule A and agrees to pay such fees, together with any expenses incurred by the Agency, including those of Transaction Counsel, with respect to the Facility. The Applicant agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the project.

Initial



13. The Applicant confirms and hereby acknowledges it has received the Agency's [Construction Wage] Policy attached hereto as Schedule B and agrees to comply with the same.

Initial 

14. The Applicant hereby agrees to comply with Section 875 of the General Municipal Law. The Company further agrees that the financial assistance granted to the project by the Agency is subject to recapture pursuant to Section 875 of the Act and the Agency's [Recapture and Termination] Policy, attached hereto as Schedule C.

Initial 

Part VIII – Submission of Materials

- ✓ 1. Financial statements for the last two fiscal years (unless included in the Applicant's annual report).
- 2. Applicant's annual reports (or 10-K's if publicly held) for the two most recent fiscal years.
- 3. Quarterly reports (form 10-Q's) and current reports (form 8-K's) since the most recent annual report, if any.
- 4. In addition, please attach the financial information described in items A, B, and C of any expected guarantor of the proposed bond issue.
- ✓ 5. Completed Short Environmental Assessment Form.
- ✓ 6. Most recent quarterly filing of NYS Department of Labor Form 45, as well as the most recent fourth quarter filing. Please remove the employee Social Security numbers and note the full-time equivalency for part-time employees.

(Remainder of Page Intentionally Left Blank)

Part IX – Certification

John Surra (name of representative of company submitting application) deposes and says that he or she is the President (title) of US Alliance Paper, the corporation (company name) named in the attached application; that he or she has read the foregoing application and knows the contents thereof; and that the same is true to his or her knowledge.

Deponent further says that s/he is duly authorized to make this certification on behalf of the entity named in the attached Application (the "Applicant") and to bind the Applicant. The grounds of deponent's belief relative to all matters in said Application which are not stated upon his/her personal knowledge are investigations which deponent has caused to be made concerning the subject matter this Application, as well as in formation acquired by deponent in the course of his/her duties in connection with said Applicant and from the books and papers of the Applicant.

As representative of the Applicant, deponent acknowledges and agrees that Applicant shall be and is responsible for all costs incurred by the [Town of Islip] Industrial Development Agency (hereinafter referred to as the "Agency") in connection with this Application, the attendant negotiations and all matters relating to the provision of financial assistance to which this Application relates, whether or not ever carried to successful conclusion. If, for any reason whatsoever, the Applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified period of time to take reasonable, proper, or requested action or withdraws, abandons, cancels or neglects the application or if the Applicant is unable to find buyers willing to purchase the total bond issue required, then upon presentation of invoice, Applicant shall pay to the Agency, its agents or assigns, all actual costs incurred with respect to the application, up to that date and time, including fees to bond or transaction counsel for the Agency and fees of general counsel for the Agency. Upon successful conclusion and sale of the transaction contemplated herein, the Applicant shall pay to the Agency an administrative fee set by the Agency in accordance with its fee schedule in effect on the date of the foregoing application, and all other appropriate fees, which amounts are payable at closing.

John Surra

Representative of Applicant

Sworn to me before this 22
Day of June, 20 18

(Seal)

Yolanda Rodriguez

YOLANDA RODRIGUEZ
Notary Public, State of New York
No. 01RO6003975
Qualified in Nassau County
Commission Expires March 16, 2022

EXHIBIT A

Proposed PILOT Schedule

Upon acceptance of the Application and completion of the Cost Benefit Analysis, the Agency will attach the proposed PILOT Schedule, together with the estimates of net exemptions based on estimated tax rates and assessment values to this Exhibit.

SCHEDULE A

Agency's Fee Schedule

1. Application Fee—\$1,000.00

An application for IDA assistance must be accompanied by a non-refundable fee of \$1,000 plus a \$500 fee for the Town of Islip review of Environmental Assessment Form as required by the State Environmental Quality Review Act (SEQRA). (The \$500 fee will be waived if the applicant's project has already undergone a SEQRA review during a previous process, i.e. site plan, building permit, change of zone, etc.)

2. Agency Fee—.006

Upon closing of any IDA project, the Agency will assess an administrative fee of one-half of a basis point (.006) against the size of the project. For IDB projects, the .006 will be measured against the final bond amount. For straight-lease transactions, the .006 will be measured against the projected total costs.

3. Agency Counsel—\$250 per hour

The Town of Islip Town Attorney's Office acts as counsel to the Town of Islip IDA and must be reimbursed for time spent on IDA-related transactions. The Agency counsel bills all time spent on IDA matters at \$250 per hour. For IDA closings up to \$5 million, the Agency counsel bills a minimum of \$3,500. For projects greater than \$5 million, the Agency counsel bills a minimum of \$5,000. For all other activities, i.e. terminations, simple consents and waivers, transfer of assets, etc., the Agency counsel will bill at the aforementioned \$250 per hour.

4. Processing Fee—\$500

During the course of IDA ownership/involvement, the Agency may occasionally be required, by the company, to consent to a variety of items, i.e. pre-payment of bonds, second mortgages, additional secured financing, etc. The Agency will charge a \$500 processing fee for each of these requests.

5. Assignments & Assumptions—\$1,500

Occasionally, the IDA is asked to transfer benefits that were assigned to the original company, i.e. PILOT or mortgage recording tax benefits, to a different company, typically upon a sale of the IDA property. The new company often wishes to continue IDA involvement with the property in order to retain the IDA incentives. The Agency will charge a \$1,500 fee for each of these transactions.

6. PILOT Extensions/Modifications—.006

Occasionally, the Agency is asked to extend or modify an existing Payment in Lieu of Taxes Agreement (PILOT). The .006 will be measured against the projected increase of the PILOT benefit.

7. Annual Administrative Fee— \$1,000

An Annual Administrative Fee of \$1,000 will be charged to all projects to cover the cost of all the reporting and monitoring of the transaction. This fee is subject to periodic review and may be adjusted at the discretion of the Agency.

8. Bond/Transaction Counsel—fee negotiated separately

While the Town of Islip IDA is represented locally by the Town of Islip Town Attorney's Office, a separate Bond/Transaction Counsel is also necessary on any IDA project. Bond/Transaction counsels render "third party" opinions that the bond or straight lease transaction is authorized under all federal, state and local statutes. Bond/Transaction counsels also prepare all documents related to IDA transactions and coordinates all activities leading up to closing. The Town of Islip IDA has designed the firm of Nixon Peabody, LLP as its Bond/Transaction counsel and all fees are separately negotiated with them.

I have read and understand the aforementioned explanation of the fees associated with all the Town of Islip Industrial Agency Transaction.

Signature:

A handwritten signature in black ink, consisting of stylized cursive letters, is written over a horizontal line.

SCHEDULE B

Agency's Construction Wage Policy

CONSTRUCTION WAGE POLICY

Town of Islip Industrial Development Agency

The purpose of the Town of Islip Industrial Development Agency is to provide benefits that reduce costs and financial barriers to the creation and to the expansion of business and enhance the number of jobs in Islip.

The Agency has consistently sought to ensure that skilled and fair paying construction jobs for local residents are encouraged in projects receiving financial assistance from the Agency and that local vendors be used during the construction process.

It is the intent of the Agency that the economic activity created by Agency assisted projects during the construction process primarily benefits local residents and vendors.

- I. The following shall be the policy of the Town of Islip Industrial Development Agency for all applicants for financial assistance:
- II.
 - (A) Employ 90% of the construction workers for the project from within Nassau or Suffolk Counties.
 - (B) Purchase 90% of the building materials from within the bi-County region.

In the event that any of these conditions cannot be met, the applicant shall submit to the Agency an explanation as to the reasons for its failure or inability to comply with such conditions. Furthermore, this policy may be waived, in the sole and final discretion of the Agency, in the event that the applicant demonstrates to the Agency special circumstances or economic hardship to justify a waiver to be in furtherance of the purposes and goals of the Town of Islip Industrial Development Agency.

SCHEDULE C

Agency's Recapture and Termination Policy TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY EFFECTIVE JUNE 7, 2016

Pursuant to Sections 874(10) and (11) of Title 1 of Article 18-A of the New York State General Municipal Law (the "Act"), the Town of Islip Industrial Development Agency (the "Agency") is required to adopt policies (i) for the discontinuance or suspension of any financial assistance provided by the Agency to a project or the modification of any payment in lieu of tax agreement and (ii) for the return of all or part of the financial assistance provided by the Agency to a project. This Recapture and Termination Policy was adopted pursuant to a resolution enacted by the members of the Agency on June 7, 2016.

I. Termination or Suspension of Financial Assistance

The Agency, in its sole discretion and on a case-by-case basis, may determine (but shall not be required to do so) to terminate or suspend the Financial Assistance (defined below) provided to a project upon the occurrence of an Event of Default, as such term is defined and described in the Lease Agreement entered into by the Agency and a project applicant (the "Applicant") or any other document entered into by such parties in connection with a project (the "Project Documents"). Such Events of Default may include, but shall not be limited to, the following:

- 1) Sale or closure of the Facility (as such term is defined in the Project Documents);
- 2) Failure by the Applicant to pay or cause to be paid amounts specified to be paid pursuant to the Project Documents on the dates specified therein;
- 3) Failure by the Applicant to create and/or maintain the FTEs as provided in the Project Documents;
- 4) A material violation of the terms and conditions of the Project Agreements; and
- 5) A material misrepresentation contained in the application for Financial Assistance, any Project Agreements or any other materials delivered pursuant to the Project Agreements.

The decision of whether to terminate or suspend Financial Assistance and the timing of such termination or suspension of Financial Assistance shall be determined by the Agency, in its sole discretion, on a case-by-case basis, and shall be subject to the notice and cure periods provided for in the Project Documents.

For the purposes of this policy, the term "Financial Assistance" shall mean all direct monetary benefits, tax exemptions and abatements and other financial assistance, if any, derived solely from the Agency's participation in the transaction contemplated by the Project Agreements including, but not limited to:

- (i) any exemption from any applicable mortgage recording tax with respect to the Facility on mortgages granted by the Agency on the Facility at the request of the Applicant;
- (ii) sales tax exemption savings realized by or for the benefit of the Applicant, including and savings realized by any agent of the Applicant pursuant to the Project Agreements in connection with the Facility; and
- (iii) real property tax abatements granted under the Project Agreements.

II. Recapture of Financial Assistance

The Agency, in its sole discretion and on a case-by-case basis, may determine (but shall not be required to do so) to recapture all or part of the Financial Assistance provided to a project upon the occurrence of a Recapture Event, as such term is defined and described in the Project Documents. Such Recapture Events may include, but shall not be limited to the following:

- 1) Sale or closure of the Facility (as such term is defined in the Project Documents);
- 2) Failure by the Applicant to pay or cause to be paid amounts specified to be paid pursuant to the Project Documents on the dates specified therein;
- 3) Failure by the Applicant to create and/or maintain the FTEs as provided in the Project Documents;
- 4) A material violation of the terms and conditions of the Project Agreements; and
- 5) A material misrepresentation contained in the application for Financial Assistance, any Project Agreements or any other materials delivered pursuant to the Project Agreements.

The timing of the recapture of the Financial Assistance shall be determined by the Agency, in its sole discretion, on a case-by-case basis, and is subject to the notice and cure periods provided for in the Project Documents. The percentage of such Financial Assistance to be recaptured shall be determined by the provisions of the Project Documents.

All recaptured amounts of Financial Assistance shall be redistributed to the appropriate affected taxing jurisdiction, unless agreed to otherwise by any local taxing jurisdiction.

For the avoidance of doubt, the Agency may determine to terminate, suspend and/or recapture Financial Assistance in its sole discretion. Such actions may be exercised simultaneously or separately and are not mutually exclusive of one another.

III. Modification of Payment In Lieu of Tax Agreement

In the case of any Event of Default or Recapture Event, in lieu of terminating, suspending or recapturing the Financial Assistance, the Agency may, in its sole discretion, adjust the payments in lieu of taxes due under the Project Agreements, so that the payments in lieu of taxes payable under the Project Agreements are adjusted upward retroactively and/or prospectively for each tax year until such time as the Applicant has complied with the provisions of the Project Agreements. The amount of such adjustments shall be determined by the provisions of the Project Documents.

Location A
617.20
Appendix B
Short Environmental Assessment Form

Instructions for Completing

Part 1 - Project Information. The applicant or project sponsor is responsible for the completion of Part 1. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification. Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information.

Complete all items in Part 1. You may also provide any additional information which you believe will be needed by or useful to the lead agency; attach additional pages as necessary to supplement any item.

Part 1 - Project and Sponsor Information							
U.S. Alliance Paper, Inc.							
Name of Action or Project: U.S. Alliance Paper, Inc. Retention							
Project Location (describe, and attach a location map): 101 & 111 Heartland Blvd, Edgewood, NY 11717							
Brief Description of Proposed Action: U.S. Alliance Paper, Inc. is seeking a 12 year property tax abatement to maintain its operations at the locations listed in the application.							
Name of Applicant or Sponsor: U.S. Alliance Paper, Inc.		Telephone: [REDACTED]					
		E-Mail: [REDACTED]					
Address: 101 Heartland Blvd							
City/PO: Edgewood		State: New York	Zip Code: 11717				
1. Does the proposed action only involve the legislative adoption of a plan, local law, ordinance, administrative rule, or regulation? If Yes, attach a narrative description of the intent of the proposed action and the environmental resources that may be affected in the municipality and proceed to Part 2. If no, continue to question 2.			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">NO</td> <td style="text-align: center;">YES</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	NO	YES	<input checked="" type="checkbox"/>	<input type="checkbox"/>
NO	YES						
<input checked="" type="checkbox"/>	<input type="checkbox"/>						
2. Does the proposed action require a permit, approval or funding from any other governmental Agency? If Yes, list agency(s) name and permit or approval:			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">NO</td> <td style="text-align: center;">YES</td> </tr> <tr> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	NO	YES	<input checked="" type="checkbox"/>	<input type="checkbox"/>
NO	YES						
<input checked="" type="checkbox"/>	<input type="checkbox"/>						
3.a. Total acreage of the site of the proposed action?		10.55 acres					
b. Total acreage to be physically disturbed?		0 acres					
c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor?		10.55 acres					
4. Check all land uses that occur on, adjoining and near the proposed action.							
<input type="checkbox"/> Urban <input type="checkbox"/> Rural (non-agriculture) <input checked="" type="checkbox"/> Industrial <input checked="" type="checkbox"/> Commercial <input type="checkbox"/> Residential (suburban) <input type="checkbox"/> Forest <input type="checkbox"/> Agriculture <input type="checkbox"/> Aquatic <input type="checkbox"/> Other (specify): _____ <input type="checkbox"/> Parkland							

5. Is the proposed action,	NO	YES	N/A
a. A permitted use under the zoning regulations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b. Consistent with the adopted comprehensive plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Is the proposed action consistent with the predominant character of the existing built or natural landscape?	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
7. Is the site of the proposed action located in, or does it adjoin, a state listed Critical Environmental Area? If Yes, identify: _____	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
8. a. Will the proposed action result in a substantial increase in traffic above present levels?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Are public transportation service(s) available at or near the site of the proposed action?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
c. Are any pedestrian accommodations or bicycle routes available on or near site of the proposed action?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
9. Does the proposed action meet or exceed the state energy code requirements? If the proposed action will exceed requirements, describe design features and technologies: _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
10. Will the proposed action connect to an existing public/private water supply? If No, describe method for providing potable water: _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
11. Will the proposed action connect to existing wastewater utilities? If No, describe method for providing wastewater treatment: _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
12. a. Does the site contain a structure that is listed on either the State or National Register of Historic Places?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Is the proposed action located in an archeological sensitive area?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
13. a. Does any portion of the site of the proposed action, or lands adjoining the proposed action, contain wetlands or other waterbodies regulated by a federal, state or local agency?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Would the proposed action physically alter, or encroach into, any existing wetland or waterbody? If Yes, identify the wetland or waterbody and extent of alterations in square feet or acres: _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
14. Identify the typical habitat types that occur on, or are likely to be found on the project site. Check all that apply: <input type="checkbox"/> Shoreline <input type="checkbox"/> Forest <input type="checkbox"/> Agricultural/grasslands <input type="checkbox"/> Early mid-successional <input type="checkbox"/> Wetland <input type="checkbox"/> Urban <input type="checkbox"/> Suburban			
15. Does the site of the proposed action contain any species of animal, or associated habitats, listed by the State or Federal government as threatened or endangered?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
16. Is the project site located in the 100 year flood plain?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
17. Will the proposed action create storm water discharge, either from point or non-point sources? If Yes,	NO	YES	
a. Will storm water discharges flow to adjacent properties? <input type="checkbox"/> NO <input type="checkbox"/> YES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Will storm water discharges be directed to established conveyance systems (runoff and storm drains)? If Yes, briefly describe: _____	<input type="checkbox"/> NO <input type="checkbox"/> YES		

18. Does the proposed action include construction or other activities that result in the impoundment of water or other liquids (e.g. retention pond, waste lagoon, dam)? If Yes, explain purpose and size: _____	NO	YES
_____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. Has the site of the proposed action or an adjoining property been the location of an active or closed solid waste management facility? If Yes, describe: _____	NO	YES
_____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. Has the site of the proposed action or an adjoining property been the subject of remediation (ongoing or completed) for hazardous waste? If Yes, describe: _____	NO	YES
_____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
I AFFIRM THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE Applicant/sponsor name: _____ Date: _____ Signature: _____		

Part 2 - Impact Assessment. The Lead Agency is responsible for the completion of Part 2. Answer all of the following questions in Part 2 using the information contained in Part 1 and other materials submitted by the project sponsor or otherwise available to the reviewer. When answering the questions the reviewer should be guided by the concept "Have my responses been reasonable considering the scale and context of the proposed action?"

	No, or small impact may occur	Moderate to large impact may occur
1. Will the proposed action create a material conflict with an adopted land use plan or zoning regulations?	<input type="checkbox"/>	<input type="checkbox"/>
2. Will the proposed action result in a change in the use or intensity of use of land?	<input type="checkbox"/>	<input type="checkbox"/>
3. Will the proposed action impair the character or quality of the existing community?	<input type="checkbox"/>	<input type="checkbox"/>
4. Will the proposed action have an impact on the environmental characteristics that caused the establishment of a Critical Environmental Area (CEA)?	<input type="checkbox"/>	<input type="checkbox"/>
5. Will the proposed action result in an adverse change in the existing level of traffic or affect existing infrastructure for mass transit, biking or walkway?	<input type="checkbox"/>	<input type="checkbox"/>
6. Will the proposed action cause an increase in the use of energy and it fails to incorporate reasonably available energy conservation or renewable energy opportunities?	<input type="checkbox"/>	<input type="checkbox"/>
7. Will the proposed action impact existing:	<input type="checkbox"/>	<input type="checkbox"/>
a. public / private water supplies?	<input type="checkbox"/>	<input type="checkbox"/>
b. public / private wastewater treatment utilities?	<input type="checkbox"/>	<input type="checkbox"/>
8. Will the proposed action impair the character or quality of important historic, archaeological, architectural or aesthetic resources?	<input type="checkbox"/>	<input type="checkbox"/>
9. Will the proposed action result in an adverse change to natural resources (e.g., wetlands, waterbodies, groundwater, air quality, flora and fauna)?	<input type="checkbox"/>	<input type="checkbox"/>

	No, or small impact may occur	Moderate to large impact may occur
10. Will the proposed action result in an increase in the potential for erosion, flooding or drainage problems?	<input type="checkbox"/>	<input type="checkbox"/>
11. Will the proposed action create a hazard to environmental resources or human health?	<input type="checkbox"/>	<input type="checkbox"/>

Part 3 - Determination of significance. The Lead Agency is responsible for the completion of Part 3. For every question in Part 2 that was answered "moderate to large impact may occur", or if there is a need to explain why a particular element of the proposed action may or will not result in a significant adverse environmental impact, please complete Part 3. Part 3 should, in sufficient detail, identify the impact, including any measures or design elements that have been included by the project sponsor to avoid or reduce impacts. Part 3 should also explain how the lead agency determined that the impact may or will not be significant. Each potential impact should be assessed considering its setting, probability of occurring, duration, irreversibility, geographic scope and magnitude. Also consider the potential for short-term, long-term and cumulative impacts.

<input type="checkbox"/>	Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action may result in one or more potentially large or significant adverse impacts and an environmental impact statement is required.
<input type="checkbox"/>	Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action will not result in any significant adverse environmental impacts.
<u>Town of Islip IIA</u>	<u>7.3.18</u>
Name of Lead Agency	Date
<u>William G. Morris</u>	
Print or Type Name of Responsible Officer in Lead Agency	Title of Responsible Officer
<u>[Signature]</u>	
Signature of Responsible Officer in Lead Agency	Signature of Preparer (if different from Responsible Officer)

PRINT



NYS BOARD OF REAL PROPERTY SERVICES

RP-485-b (1/95)

**APPLICATION FOR REAL PROPERTY TAX
EXEMPTION FOR COMMERCIAL, BUSINESS OR INDUSTRIAL PROPERTY**
(Real Property Tax Law, Section 485-b)

(Instructions for completing this form are contained in Form RP-485-b-Ins)

1. Name and telephone no. of owner(s)

Heartland Boys III L.P.

2. Mailing address of owner(s)

1 Executive Drive

Edgewood, New York 11717

Day No. [REDACTED]

Evening No. ()

3. Location of property (see instructions)

101 and 111 Heartland Boulevard

Street address

Edgewood, Islip

City/Town

Village (if any)

Brentwood

School district

Property identification (see tax bill or assessment roll)

Tax map number or section/block/lot

0500-134.00-05.00-003.001

4. Description of property for which exemption is sought:

Retention

a. ☐ New construction ☐ Alteration ☐ Installation ☐ Improvement

b. General description of property (if necessary, attach plans or specifications):

c. Type of construction: Tilt-up

d. Square footage: 161,000 +/- square feet

e. Total cost: _____

f. Date construction, alteration, installation or improvement was started: _____

g. Date completed (attach copy of certificate of occupancy or other documentation of completion):
4/21/11

h. Describe any real property replaced or removed in connection with the new construction, alteration, installation or improvement: _____

5. Use of Property.

- a. Describe the primary use of the property and the type of business to be conducted. Light Industrial-Paper Conversion and offices
- b. Describe any other use or uses of the property. _____
- c. Is any part of the real property used for a purpose other than buying, selling, storing or developing goods or services; the manufacture or assembly of goods or the processing of raw materials; or hotel or motel purposes? Yes ☒ No
- d. If yes, describe in detail the other use or uses of the property and state the extent to which the property is so used (e.g., 30% of floor space, 25% of income, etc.).

6. Other exemptions.

- a. Is the property-receiving or has it ever received any other exemption from real property taxation? ☒ Yes ☐ No

- b. If yes, what exemption was received? PILOT When? 2/2008
 Were payments in lieu of taxes made during the term of that exemption? Yes
 If so, attach a schedule showing the amounts and dates of such payments, and the purposes for which such payments were made (i.e., school district, general municipal, etc.). Also attach any related documentation, such as a copy of the agreement under which such payments were made.

Certification

I, Gerald Wolkoff, hereby certify that the information on this application and any accompanying pages constitutes a true statement of facts.

[Signature]
 Signature

5/24/18
 Date

FOR ASSESSOR'S USE

1. Date application filed: _____ 2. Applicable taxable status date: _____
3. Action on application: _____ Approved _____ Disapproved
4. Assessed valuation of parcel in first year of exemption: \$ _____
5. Increase in total assessed valuation in first year of exemption: \$ _____
6. Amount of exemption in first year:

	Percent	Amount
County	_____	\$ _____
City/Town	_____	\$ _____
Village	_____	\$ _____
School District	_____	\$ _____

 Assessor's signature

 Date

HEARTLAND BOYS III, L.P.

and

U.S. ALLIANCE PAPER, INC.

and

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Town of Islip Industrial Development Agency
(Heartland Boys III, L.P./U.S. Alliance Paper, Inc. 2008 Facility)

Dated as of February 1, 2008

Town of Islip, Brentwood Union Free School District, Suffolk County

District: 0500

Section: 134.00

Block: 05.00

Lot: 003.001

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT, dated as of February 1, 2008 (this "PILOT Agreement"), is by and among HEARTLAND BOYS III, L.P., a limited partnership duly organized and validly existing under the laws of the State of New York, having its office at 1 Executive Drive, Edgewood, New York 11717 (the "Company"), U.S. ALLIANCE PAPER, INC., a business corporation duly organized and validly existing under the laws of the State of New York, having its principal office at 101 Heartland Boulevard, Edgewood, New York 11717 (the "Sublessee"), and TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY, an industrial development agency and a public benefit corporation of the State of New York having its principal 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 acquire title to certain real property located at 101 and 111 Heartland Boulevard in the Heartland Industrial Park, Edgewood, Town of Islip, Suffolk County, New York (more specifically, District 0500, Section 134.00, Block 05.00, Lot 003.001), more particularly described in Exhibit E attached hereto, and to acquire, construct and equip a certain industrial development facility thereon, more particularly described in the Lease Agreement, dated as of February 1, 2008 (the "Lease Agreement"), between the Agency and the Company; and

WHEREAS, the Agency has agreed to lease the Company Facility (as defined in the Lease Agreement) to the Company pursuant to the Lease Agreement such that title will remain in the Agency throughout the Lease Term (as such term is defined in the Lease Agreement); and

WHEREAS, the Agency has agreed to lease the Equipment (as defined in the Lease Agreement, collectively, the Company Facility and the Equipment shall be the "Facility") to the Sublessee pursuant to the Equipment Lease Agreement, dated as of February 1, 2008 (the "Equipment Lease Agreement"), by and between the Agency and the Sublessee, such that title will remain in the Agency throughout the Lease Term (as such term is defined in the Lease Agreement); and

WHEREAS, the Company has agreed to sublease the Company Facility to the Sublessee pursuant to and in accordance with a certain Agreement of Lease, dated September 3, 2002, as amended by Lease Amendment, dated October 29, 2007 (the "Sublease Agreement"), between the Company and the Sublessee; 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 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 or may be wholly or partially located) which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Agency, the Company and the Sublessee deem it necessary and proper to enter into an agreement making provision for payments in lieu of taxes and such assessments by the Company and the Sublessee 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, Suffolk County, Brentwood Union Free School District 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 and the Equipment Lease Agreement are in effect, the Company and the Sublessee, jointly and severally, agree to make payments in lieu of all real estate taxes and assessments (in addition to paying all 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 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 and not by the Agency (the "Taxes on the Facility"). The amounts of such payments and method for calculation are set forth herein.

(b) After the effective date of this PILOT Agreement and until the provisions of paragraph 1(c) become effective, the Company and the Sublessee, jointly and severally, shall pay, as payments in lieu of taxes and assessments, one hundred percent (100%) of the taxes and assessments which would be levied upon the Facility by the respective Taxing Authorities.

(c) Commencing, at the sole option and discretion of the Company and the Sublessee, jointly and severally, at the earlier of (i) the first fiscal tax year of the Taxing Authorities following the first taxable status date after the issuance of a certificate of occupancy to the Company and/or the Sublessee for the Facility by the appropriate governmental entity, or (ii) written notice from the Company and the Sublessee to the Agency setting forth the effective date for commencement of the payments in accordance with Exhibit A hereto (which effective date can be no later than the date set forth in (i) above), the Company and the Sublessee 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 and the Sublessee, jointly and severally, shall pay, or cause to be paid, the amounts set forth in paragraphs 1(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 or the Sublessee of their respective obligations to make all payments provided for hereunder. If, for any reason, the Company and/or the Sublessee do not receive an appropriate tax bill, the Company and the Sublessee 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 and the Sublessee 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 and the Sublessee 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 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 E hereto (such structural additions, buildings and improvements being referred to hereinafter as "Additional Facilities"), the Company and the Sublessee agree 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 Town of Islip. All other provisions of this PILOT Agreement shall apply to this obligation for additional payments.

2. In the event that title to the Facility or any part thereof is transferred from the Agency to the Company 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, Suffolk County, Brentwood Union Free School District, 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 and the Sublessee, jointly and severally, hereby agree 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 the Agency conveyed title to the Company 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 and the Sublessee to the respective Taxing Authorities relating to any period of time after the date of transfer of title to the Company. The provisions of this Paragraph 2 shall survive the termination or expiration of the Lease Agreement. Any rights the Company or the Sublessee may have against their 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 and the Sublessee hereunder shall, to such extent, be null and void.

4. In the event the Company and the Sublessee shall enter into a subsequent PILOT Agreement or PILOT 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 and the Sublessee hereunder, which are inconsistent with such future PILOT Agreement or PILOT Agreements, shall be superseded and shall, to such extent, be null and void.

5. As long as this PILOT Agreement is in effect, the Agency, the Company and the Sublessee 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, 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; 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, the Sublessee 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 or the Sublessee 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

and the Sublessee acknowledge that they 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 and the Sublessee hereby agree that they will notify the Agency if the Company and/or the Sublessee 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 and/or the Sublessee 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 and the Sublessee, in recognition of the benefits provided under the terms of this PILOT Agreement, including, but not limited to, the formula for In-Lieu-of-Taxes Payments 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 and the Sublessee, however, reserve any such rights with respect to all special ad valorem levies, special assessments 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 and the Sublessee recognize and agree that the Agency shall have the right at its sole discretion to revise and increase the formula for payment-in-lieu-of-taxes (the "Formula"), both retroactively and prospectively, to be paid by the Company and the Sublessee pursuant to Exhibit A hereto, as set out below:

(a) If the Company and/or the Sublessee substantially change, modify or amend their proposed method of operations so as to effect a Substantial Change within the meaning of Section 7(e) hereof (hereinafter "Substantial Change") within two years after the provisions of Paragraph 1(c) hereof become effective, then at all times subsequent to the date of Substantial Change, and so long as this PILOT Agreement remains in effect, the Agency shall have the right at its sole discretion to revise and increase the Formula as set forth on Exhibit A, both retroactively and prospectively, and the Company and the Sublessee shall pay the amounts set forth on Exhibit B attached hereto and made a part hereof in lieu and in place of the amounts set forth on Exhibit A.

(b) If the Company and/or the Sublessee effect a Substantial Change at any time subsequent to two years after the provisions of Paragraph 1(c) become effective but before the end of three years thereafter, then at all times subsequent to the date of Substantial Change and so long as this PILOT Agreement remains in effect, the Agency shall have the right at its sole discretion to revise and increase the Formula as set forth on Exhibit A, both retroactively and prospectively, and the Company and the Sublessee shall pay the amounts set forth on Exhibit C attached hereto and made a part hereof in lieu and in place of the amounts set forth on Exhibit A.

(c) If the Company and/or the Sublessee effect a Substantial Change at any time subsequent to three years after the provisions of Paragraph 1(c) become effective but before the end of four years thereafter, then at all times subsequent to the date of Substantial Change and so long as this PILOT Agreement remains in effect, the Agency shall have the right at its sole discretion to revise and increase the Formula as set forth on Exhibit A, both retroactively and prospectively, and the Company and the Sublessee shall pay the amounts set forth on Exhibit D attached hereto and made a part hereof in lieu and in place of the amounts set forth on Exhibit A.

(d) If the Company and/or the Sublessee effects a Substantial Change at any time after four years from the date the provisions of Paragraph 1(c) hereof become effective, there shall be no change, either retroactively or prospectively, in the Formula as set forth on Exhibit A.

(e) In exercising its reasonable discretion to make the aforesaid retroactive and prospective changes in the Formula as set forth on Exhibit A, the Agency shall consider the following circumstances, any one of which may be deemed to constitute a Substantial Change:

(i) Sale or closure of the Facility and/or departure of the Company and/or the Sublessee from the Town of Islip.

(ii) Significant employment reductions not reflective of the Sublessee's business cycles and/or local, national and international economic conditions or the failure of the Sublessee to create or maintain the number of permanent jobs at the Facility indicated in the Company's and/or the Sublessee's application submitted to the Agency.

(iii) Any significant deviations from the information and data provided to the Agency in the Company's and/or the Sublessee's application for assistance which would constitute a significant diminution of the Company's and/or the Sublessee's activities in or commitment to the Town of Islip.

(f) The Agency shall notify the Company and the Sublessee in writing of any increase in the Formula and the effective date(s) and amount(s) of such increase, retroactive and/or prospective. If the Formula is adjusted so that increased payments are due for any tax year in which the Company and the Sublessee have paid less than the full amount then due, the Company and the Sublessee shall remit such additional sum due to the Agency within 30 days after delivery of such notice. Notwithstanding anything to the contrary herein, in no event shall any increase hereunder exceed the amounts calculated pursuant to the exhibits annexed hereto relating to the time that such Substantial Change occurred.

8. Except as otherwise provided herein, any notice required to be given under this PILOT Agreement shall be deemed to have been duly given when delivered and, if delivered by mail, shall be sent by certified 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:

The Agency:

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

The Company:

Heartland Boys III, L.P.
1 Executive Drive
Edgewood, New York 11717
Attention: Gerald Wolkoff

With a copy to:

Heartland Boys III, L.P.
1 Executive Drive
Edgewood, New York 11717
Attention: Howard F. Vingan, Esq.

The Sublessee:

U.S. Alliance Paper, Inc.
101 Heartland Boulevard
Edgewood, New York 11717
Attention: John Sarraf

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 after mailing 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 and/or the Sublessee 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 and/or the Sublessee'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 and/or the Sublessee'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 and/or the Sublessee 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 as of the first taxable status date of the Town of Islip after the date the Agency acquires title to the Facility. 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 and the Sublessee when due. Upon termination of the Lease Agreement and the Equipment Lease Agreement and reconveyance of title to the Facility to the Company and the Sublessee, this PILOT Agreement shall terminate.

11. Whenever the Company and/or the Sublessee fail 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 and the Sublessee under this PILOT Agreement. The Agency agrees to notify the Company and the Sublessee in writing of any failure by the Company and/or the Sublessee to comply with any provision of this PILOT Agreement within thirty (30) business days after the Agency becomes aware of such failure and shall provide the Company and/or the Sublessee with the opportunity to cure such failure within thirty (30) days after receipt by the Company and/or the Sublessee 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 and the Sublessee agree to hold the Agency harmless from and against any liability arising from any default by the Company and/or the Sublessee in performing their respective 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 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.

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

HEARTLAND BOYS III, L.P.

By: Heartland G.P., Inc., Its General Partner

By: 

Name: Gerald Wolkoff

Title: President

U.S. ALLIANCE PAPER, INC.

By: _____

Name: John Sarraf

Title: President

TOWN OF ISLIP INDUSTRIAL
DEVELOPMENT AGENCY

By: _____

Name: William G. Mannix

Title: Executive Director

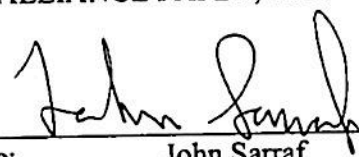
IN WITNESS WHEREOF, the parties hereto have executed this PILOT Agreement as of the date first written above.

HEARTLAND BOYS III, L.P.

By: Heartland G.P., Inc., Its General Partner

By: _____
Name: Gerald Wolkoff
Title: President

U.S. ALLIANCE PAPER, INC.

By:  _____
Name: John Sarraf
Title: President

TOWN OF ISLIP INDUSTRIAL
DEVELOPMENT AGENCY

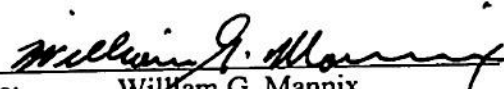
By:  _____
Name: William G. Mannix
Title: Executive Director

EXHIBIT A

Formula for In-Lieu-of-Taxes Payment: 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 Union Free School District, Suffolk County and Appropriate Special Districts

Definitions

X = assessment based on a transfer of title as of the date of this PILOT Agreement of land and those improvements existing as of June 26, 2007.

Y = increase in assessment above X resulting from the acquisition, construction and equipping of the Facility.

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 and the Sublessee would pay without exemption.

Payment

Tax Year (following first taxable status date after the election by Company and the Sublessee, more specifically set forth in paragraph 1(c) of this PILOT Agreement)

Formula

1	100% normal tax on X and	0% normal tax on Y
2	100% normal tax on X and	10% normal tax on Y
3	100% normal tax on X and	20% normal tax on Y
4	100% normal tax on X and	30% normal tax on Y
5	100% normal tax on X and	40% normal tax on Y
6	100% normal tax on X and	50% normal tax on Y
7	100% normal tax on X and	60% normal tax on Y
8	100% normal tax on X and	70% normal tax on Y
9	100% normal tax on X and	80% normal tax on Y
10	100% normal tax on X and	90% normal tax on Y
11 and thereafter	100% normal tax on X and	100% normal tax on Y

EXHIBIT B

Formula for In-Lieu-of-Taxes Payment: 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 Union Free School District, Suffolk County and Appropriate Special Districts

Definitions

X = assessment based on a transfer of title as of the date of this PILOT Agreement of land and those improvements existing as of June 26, 2007.

Y = increase in assessment above X resulting from the acquisition, construction and equipping of the Facility.

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 and the Sublessee would pay without exemption.

Payment

Tax Year (following first taxable status date after the election by Company and the Sublessee, more specifically set forth in paragraph 1(c) of this PILOT Agreement)

Formula

1	100% normal tax on X and 50% normal tax on Y
2	100% normal tax on X and 55% normal tax on Y
3	100% normal tax on X and 60% normal tax on Y
4	100% normal tax on X and 65% normal tax on Y
5	100% normal tax on X and 70% normal tax on Y
6	100% normal tax on X and 75% normal tax on Y
7	100% normal tax on X and 80% normal tax on Y
8	100% normal tax on X and 85% normal tax on Y
9	100% normal tax on X and 90% normal tax on Y
10	100% normal tax on X and 95% normal tax on Y
11 and thereafter	100% normal tax on X and 100% normal tax on Y

EXHIBIT C

Formula for In-Lieu-of-Taxes Payment: 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 Union Free School District, Suffolk County and Appropriate Special Districts

Definitions

X = assessment based on a transfer of title as of the date of this PILOT Agreement of land and those improvements existing as of June 26, 2007.

Y = increase in assessment above X resulting from the acquisition, construction and equipping of the Facility.

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 and the Sublessee would pay without exemption.

Payment

Tax Year (following first taxable status date after the election by Company and the Sublessee, more specifically set forth in paragraph 1(c) of this PILOT Agreement)

Formula

1	100% normal tax on X and	0% normal tax on Y
2	100% normal tax on X and	10% normal tax on Y
3	100% normal tax on X and	40% normal tax on Y
4	100% normal tax on X and	47.50% normal tax on Y
5	100% normal tax on X and	55% normal tax on Y
6	100% normal tax on X and	62.50% normal tax on Y
7	100% normal tax on X and	70% normal tax on Y
8	100% normal tax on X and	77.50% normal tax on Y
9	100% normal tax on X and	85% normal tax on Y
10	100% normal tax on X and	92.50% normal tax on Y
11 and thereafter	100% normal tax on X and	100% normal tax on Y

EXHIBIT D

Formula for In-Lieu-of-Taxes Payment: 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 Union Free School District, Suffolk County, Appropriate Special Districts

Definitions

X = assessment based on a transfer of title as of the date of this PILOT Agreement of land and those improvements existing as of June 26, 2007.

Y = increase in assessment above X resulting from the acquisition, construction and equipping of the Facility

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 and the Sublessee would pay without exemption.

Payment

Tax Year (following first taxable status date after the election by Company and the Sublessee, more specifically set forth in paragraph 1(c) of this PILOT Agreement)

Formula

1	100% normal tax on X and	0% normal tax on Y
2	100% normal tax on X and	10% normal tax on Y
3	100% normal tax on X and	20% normal tax on Y
4	100% normal tax on X and	38.75% normal tax on Y
5	100% normal tax on X and	47.50% normal tax on Y
6	100% normal tax on X and	56.25% normal tax on Y
7	100% normal tax on X and	65% normal tax on Y
8	100% normal tax on X and	73.75% normal tax on Y
9	100% normal tax on X and	82.50% normal tax on Y
10	100% normal tax on X and	91.25% normal tax on Y
11 and thereafter	100% normal tax on X and	100% normal tax on Y

EXHIBIT E

Legal Description of Real Property

PARCEL 1:

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

Beginning at a point on the easterly side of Heartland Boulevard, distant 1,919 feet northerly along the easterly side of Heartland Boulevard from the northerly end of a curve connecting said road line with the northerly side of Long Island Avenue;

Running thence along the easterly side of Heartland Boulevard, North 00 degrees 33 minutes 15 seconds West, 359.96 feet;

Thence North 89 degrees 26 minutes 45 seconds East, 635.00 feet;

Thence South 00 degrees 33 minutes 15 seconds East, 359.96 feet;

Thence South 89 degrees 26 minutes 45 seconds West 635.00 feet to the point or place of Beginning.

PARCEL 2:

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, being more particularly bounded and described as follows:

Beginning at a point on the easterly side of Heartland Blvd. distant 1555.52 feet northerly from the extreme northerly end of a curve which connects the easterly side of Heartland Blvd. with the northerly side of Long Island Avenue;

Running thence North 00 degrees 33 minutes 15 seconds West along the easterly side of Heartland Blvd. 363.57 feet;

Thence North 89 degrees 26 minutes 45 seconds East 635.00 feet to the land of Sagtikos State Parkway;

Thence South 00 degrees 33 minutes 15 seconds East along said last mentioned land 363.57 feet;

Thence South 89 degrees 26 minutes 45 seconds West, 635.00 feet to the easterly side of Heartland Blvd. at the point or place of Beginning.

For Information Only: District 0500 Section 134.00 Block 05.00 Lot 003.000 and District 0500 Section 134.00 Block 03.00 Lot 001.000 are combined and now known as District 0500 Section 134.00 Block 05.00 Lot 003.001



NYS BOARD OF REAL PROPERTY SERVICES

RP-412-a(1/95)

INDUSTRIAL DEVELOPMENT AGENCIES APPLICATION FOR REAL PROPERTY TAX EXEMPTION (Real Property Tax Law, Section 412-a and General Municipal Law, Section 874)

1. INDUSTRIAL DEVELOPMENT AGENCY (IDA)

Name Town of Islip Industrial Development Agency
Street 40 Nassau Avenue
City Islip
Telephone no. Day ()
Evening ()
Contact William G. Mannix
Title Executive Director

2. OCCUPANT (IF OTHER THAN IDA) (If more than one occupant attach separate listing)

Name Heartland Boys III, L.P.
Street 1 Executive Drive
City Edgewood
Telephone no. Day ()
Evening ()
Contact Gerald Wolkoff
Title President

3. DESCRIPTION OF PARCEL

- a. Assessment roll description (tax map no./roll year) District 0500 Section 134.00 Blocks 03.00 and 05.00 Lots 001.000 and 003.000*
b. Street address 101 and 111 Heartland Boulevard
c. City, Town or Village Edgewood
d. School District Brentwood Union Free
e. County Suffolk
f. Current assessment
g. Deed to IDA (date recorded; liber and page)
Deed to IDA 02/28/08 - Liber and Page
Unavailable

*Parcels now combined 134.00-05.00-003.001

4. GENERAL DESCRIPTION OF PROPERTY (if necessary, attach plans or specifications)

- a. Brief description (include property use)
construction and equipping of an app 80,000 square foot building and the renovation and equipping of an existing approximately 80,000 square foot building, construction of an approximately 1600 sq ft corridor connecting the 101 Heartland Facility and the 111 Heartland Facility for the purposes of manufacturing and distribution of kitchen and bath paper products for the home consumer
b. Type of construction unavailable
c. Square footage app. 160,000 sq ft.
d. Total cost app \$4,000,000
e. Date construction commenced unavailable
f. Projected expiration of exemption (i.e. date when property is no longer possessed, controlled, supervised or under the jurisdiction of IDA)
February 28, 2019

5. SUMMARIZE AGREEMENT (IF ANY) AND METHOD TO BE USED FOR PAYMENTS TO BE MADE TO MUNICIPALITY REGARDLESS OF STATUTORY EXEMPTION (Attach copy of the agreement or extract of the terms relating to the project).

- a. Formula for payment see attached PILOT Agreement

- b. Projected expiration date of agreement February 28, 2019

c. Municipal corporations to which payments will be made

	Yes	No
County <u>Suffolk</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Town/City <u>Islip</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Village _____		
School District <u>Union Free</u>	<input checked="" type="checkbox"/>	

d. Person or entity responsible for payment

Name Gerald Wolkoff
 Title President
 Address 1 Executive Drive
Edgewood, NY 11717

e. Is the IDA the owner of the property? ☒ Yes/No (circle one)
 If "No" identify owner and explain IDA rights or interest in an attached statement.

Telephone [REDACTED]

6. Is the property receiving or has the property ever received any other exemption from real property taxation?
 (check one) Yes ☒ No

If yes, list the statutory exemption reference and assessment roll year on which granted:
 exemption _____ assessment roll year _____

7. A copy of this application, including all attachments, has been mailed or delivered on 02/29/2008 (date) to the chief executive official of each municipality within which the project is located as indicated in Item 3.

CERTIFICATION

I, William G. Mannix, Executive Director of
Town of Islip Industrial Development Agency hereby certify that the information
Organization
 on this application and accompanying papers constitutes a true statement of facts.

02/ 28 /2008
 Date

William G. Mannix
 Signature

FOR USE BY ASSESSOR

1. Date application filed _____
2. Applicable taxable status date _____
- 3a. Agreement (or extract) date _____
- 3b. Projected exemption expiration (year) _____
4. Assessed valuation of parcel in first year of exemption \$ _____
5. Special assessments and special ad valorem levies for which the parcel is liable:

 Date

 Assessor's signature

BARGAIN AND SALE DEED

THIS INDENTURE, made February 28, 2008, between HEARTLAND BOYS III, L.P., a duly organized and validly existing New York limited partnership, having an office at 1 Executive Drive, Edgewood, New York 11717, grantor, and TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation duly organized and validly existing under and by virtue of the laws of the State of New York, having its principal office at 40 Nassau Avenue, Islip, New York 11751, grantee,

WITNESSETH that the grantor, in consideration of One Dollar (\$1.00) and other good and valuable consideration paid by the grantee, hereby grants and releases unto the grantee, the heirs or successors and assigns of the grantee forever,

(See Schedule A attached hereto)

Property Address: 101 and 111 Heartland Boulevard, Edgewood, Town of Islip, Suffolk County, New York

Tax Mailing Address: 1 Executive Drive, Edgewood, New York 11717

Tax Account Number: 0500-134.00-05.00-003.001

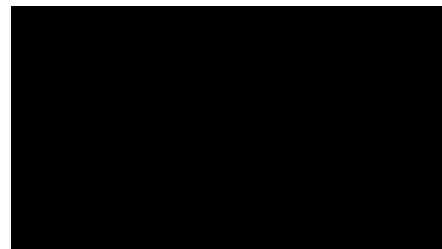
Subject to easements, restrictions, covenants, declarations and agreements of record.

TOGETHER with the appurtenances and all the estate and rights of the grantor in and to said premises,

TO HAVE AND TO HOLD the premises herein granted unto the grantee, the heirs or successors and assigns of the grantee forever.

AND the said grantor covenants that the grantor has not done or suffered anything whereby the said premises have been encumbered in any way whatever, except as aforesaid. This deed is subject to the trust provisions of Section 13 of the Lien Law.

The words "grantor" and "grantee" shall be construed to read in the plural whenever the sense of this deed so requires.



IN WITNESS WHEREOF, the grantor has executed this deed the day and year first above written.

HEARTLAND BOYS III, L.P.

By: Heartland G.P., Inc., Its General Partner

By: 

Name:

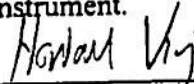
Gerald Wolkoff

Title:

President

STATE OF NEW YORK)
 Suffolk : SS.:
COUNTY OF ~~NASSAU~~)

On the 02nd day of February in the year 2008, before me, the undersigned, a Notary Public in and for said State, personally appeared Gerald Wolkoff, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person or entity on behalf of which the individual acted, executed the instrument.



Notary Public

HOWARD VINGAN
Notary Public, State of New York
4837503
Qualified in Suffolk County
Commission Expires March 30, 20 11

SCHEDULE A

Legal Description of Real Property

PARCEL 1:

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

Beginning at a point on the easterly side of Heartland Boulevard, distant 1,919 feet northerly along the easterly side of Heartland Boulevard from the northerly end of a curve connecting said road line with the northerly side of Long Island Avenue;

Running thence along the easterly side of Heartland Boulevard, North 00 degrees 33 minutes 15 seconds West, 359.96 feet;

Thence North 89 degrees 26 minutes 45 seconds East, 635.00 feet;

Thence South 00 degrees 33 minutes 15 seconds East, 359.96 feet;

Thence South 89 degrees 26 minutes 45 seconds West 635.00 feet to the point or place of Beginning.

PARCEL 2:

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, being more particularly bounded and described as follows:

Beginning at a point on the easterly side of Heartland Blvd. distant 1555.52 feet northerly from the extreme northerly end of a curve which connects the easterly side of Heartland Blvd. with the northerly side of Long Island Avenue;

Running thence North 00 degrees 33 minutes 15 seconds West along the easterly side of Heartland Blvd. 363.57 feet;

Thence North 89 degrees 26 minutes 45 seconds East 635.00 feet to the land of Sagtikos State Parkway;

Thence South 00 degrees 33 minutes 15 seconds East along said last mentioned land 363.57 feet;

Thence South 89 degrees 26 minutes 45 seconds West, 635.00 feet to the easterly side of Heartland Blvd. at the point or place of Beginning.

For Information Only: District 0500 Section 134.00 Block 05.00 Lot 003.000 and District 0500 Section 134.00 Block 03.00 Lot 001.000 are combined and now known as District 0500 Section 134.00 Block 05.00 Lot 003.001

101-111 Heartland Blvd.-EDGEWOOD NY

SCHEDULE OF PILOT PAYMENTS

12-19-17	5-11.18
202,441.24	202,441.25

12-21-16	5-17-17
185,252.20	185,252.21

12-22-15	5-20-16
172,271.02	172,271.03

12-23-14	5-22-15
158,401.83	158,401.84

12-30-13	5-14-14
143,560.29	143,560.29

12-26-12	5-13-13
129,508.71	129,580.71

12-23-11	5-11-12
114,490.00	114,490.00

12-23-10	5-19-11
96,389.72	96,389.72

12-26.09	5-13-10
82,238.29	82,238.28

12-24-08	5-13-09
75,995.02	75,995.01

	5-9-.08
	1084.77



Location B

NYS BOARD OF REAL PROPERTY SERVICES

RP-485-b (1/95)

**APPLICATION FOR REAL PROPERTY TAX
EXEMPTION FOR COMMERCIAL, BUSINESS OR INDUSTRIAL PROPERTY**
(Real Property Tax Law, Section 485-b)

(Instructions for completing this form are contained in Form RP-485-b-Ins)

1. Name and telephone no. of owner(s)
ZTA Rental Properties L.P.

2. Mailing address of owner(s)
1 Executive Drive

Edgewood, New York 11717

Day No. [REDACTED]

Evening No. ()

3. Location of property (see instructions)

110 Wilshire Blvd.
Street address
Edgewood, Islip
City/Town

Village (if any)
Brentwood
School district

Property identification (see tax bill or assessment roll)

Tax map number or section/block/lot 500-112-3-1.018

4. Description of property for which exemption is sought:

a. ___ New construction ___ Alteration ___ Installation ___ Improvement

b. General description of property (if necessary, attach plans or specifications):

c. Type of construction: Titl-up

d. Square footage: 150,000 +/- square feet

e. Total cost:

f. Date construction, alteration, installation or improvement was started:

g. Date completed (attach copy of certificate of occupancy or other documentation of completion):
8/24/15

h. Describe any real property replaced or removed in connection with the new construction, alteration, installation or improvement:

5. Use of Property.

- a. Describe the primary use of the property and the type of business to be conducted. Warehousing of paper
- b. Describe any other use or uses of the property. _____
- c. Is any part of the real property used for a purpose other than buying, selling, storing or developing goods or services; the manufacture or assembly of goods or the processing of raw materials; or hotel or motel purposes? Yes ☒ No
- d. If yes, describe in detail the other use or uses of the property and state the extent to which the property is so used (e.g., 30% of floor space, 25% of income, etc.).

6. Other exemptions.

- a. Is the property receiving or has it ever received any other exemption from real property taxation? x Yes No
- b. If yes, what exemption was received? PILOT When? 11/2013.
Were payments in lieu of taxes made during the term of that exemption? Yes
If so, attach a schedule showing the amounts and dates of such payments, and the purposes for which such payments were made (i.e., school district, general municipal, etc.). Also attach any related documentation, such as a copy of the agreement under which such payments were made.

Certification

I, Gerald Wolkoff, hereby certify that the information on this application and any accompanying pages constitutes a true statement of facts.

Signature

5/24/18

Date

FOR ASSESSOR'S USE

1. Date application filed: _____ 2. Applicable taxable status date: _____
3. Action on application: _____ Approved _____ Disapproved
4. Assessed valuation of parcel in first year of exemption: \$ _____
5. Increase in total assessed valuation in first year of exemption: \$ _____
6. Amount of exemption in first year:

	Percent	Amount
County	_____	\$ _____
City/Town	_____	\$ _____
Village	_____	\$ _____
School District	_____	\$ _____

Assessor's signature

Date

ZTA Rental Properties L.P.
and
TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

**Town of Islip Industrial Development Agency
(ZTA Rental Properties L.P. 2013 Facility)**

Dated as of November 1, 2013

Town of Islip, Brentwood Union Free School District, Suffolk County

Property Address: 110 Wilshire Boulevard, Edgewood, New York

District: 0500

Section: 112.00

Block: 03.00

Lot: 001.018

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT, dated as of November 1, 2013 (this "**PILOT Agreement**"), is by and among ZTA Rental Properties L.P., a limited partnership duly organized and validly existing under the laws of the State of New York, having its office at 1 Executive Drive, Edgewood, New York 11717 (the "**Company**"), and TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY, an industrial development agency and a public benefit corporation of the State of New York having its principal 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 in approximately 9.3 acre parcel of land located at 110 Wilshire Boulevard, Edgewood, Town of Islip, Suffolk county, New York (the "**Land**") and the construction and equipping of an approximately 150,000 square foot warehouse/light manufacturing building with approximately 26.0 foot high ceilings under steel located thereon (collectively, the "**Improvements**"; and together with the Land, the "**Facility**"), to be leased by the Agency to the Company for further sublease by the Company to future tenants not yet determined (collectively, the "**Sublessees**"), all for use as office space, warehousing and light manufacturing; and

WHEREAS, the Company has agreed to lease the Facility to the Agency, and the Agency desires to rent the Facility from the Company pursuant to the terms of a certain Company Lease Agreement dated as of November 1, 2013 (the "**Company Lease**"), by and between the Company and the Agency; and

WHEREAS, the Agency has agreed to sublease the Facility to the Company pursuant to the Lease Agreement, dated as of November 1, 2013 (the "**Lease Agreement**"), between the Agency and the Company, such that the Agency shall have a leasehold interest in the Facility throughout the Lease Term (as such term is defined in the Lease Agreement); and

WHEREAS, the Agency and the Company have entered into a Recapture Agreement, dated as of November 1, 2013 (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 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 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, 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 in the Town of Islip Suffolk County, Brentwood Union Free School District 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 of real property taxes and payments in lieu of all real estate taxes and assessments (in addition to paying all 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 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 as if the Facility were not leased by the Company to the Agency (the "Taxes on the Facility"). The amounts of such payments and method for calculation are set forth herein.

(b) After the effective date of this PILOT Agreement and until the provisions of paragraph 1(c) become effective to the Facility, the Company shall pay, as payments in lieu of taxes and assessments, one hundred percent (100%) of the taxes and assessments which would be levied upon the Facility by the respective Taxing Authorities.

(c) Commencing, at the sole option and discretion of the Company, at the earlier of (i) the first fiscal tax year of the Taxing Authorities following the first taxable status date after the issuance of a certificate of occupancy to the Company for the Facility by the appropriate governmental entity, or (ii) written notice from the Company to the Agency setting forth the effective date for commencement of the payments in accordance with Exhibit A hereto (which effective date can be no later than the date set forth in (i) above), 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. The Company covenants at all times to cause to be maintained at the Facility the number of full time equivalent employees as agreed upon pursuant to Section 8.13 of the Lease Agreement.

(d) The Company shall pay, or cause to be paid, the amounts set forth in paragraphs 1(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 obligations 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 herein. 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 or cause to be made all annual payments to the respective Taxing Authorities 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 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 Town of Islip. All other provisions of this PILOT Agreement shall apply to this obligation for additional payments.

2. In the event that the Agency's leasehold interest in the Facility or any part thereof is transferred from the Agency to the Company 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, Suffolk County, Brentwood Union Free School District, 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 the Company took title 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 leasehold interest in the Facility. The provisions of this Paragraph 2 shall survive the termination or expiration of the Lease Agreement. Any rights the Company may have against its designee 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 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 PILOT Agreement or PILOT 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 PILOT Agreement or PILOT Agreements, shall be superseded and shall, to such extent, be null and void.

5. As long as this PILOT Agreement is in effect, 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, 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; 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 they 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 they 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 waives 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 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 all special ad valorem levies, special assessments 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 so as to effect a Recapture Event in accordance with the provisions of the Recapture Agreement, 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) pay an increased PILOT payment in accordance with Section 1(c)(7) 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. Except as otherwise provided herein, any notice required to be given under this PILOT Agreement shall be deemed to have been duly given when delivered and, if delivered by mail, shall be sent by certified mail, postage prepaid, return receipt requested, or via reputable overnight delivery service, 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:

The Agency:

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

The Company:

ZTA Rental Properties L.P.
1 Executive Drive
Edgewood, New York 11717
Attention: David Wolkoff

With a copy to:

Howard Vingan, Esq.
1 Executive Drive
Edgewood, New York 11717

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 after mailing 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 as of the first taxable status date of the Town of Islip after the date the Agency acquires a leasehold interest in the Facility. 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 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 within thirty (30) business days after the Agency becomes aware of such failure

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. If any provision of this PILOT Agreement 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. The failure or breach by the Company, after notice and an opportunity to cure, to pay amounts due and owing under this Agreement on the date when due or to promptly and fully perform any of its obligations hereunder shall constitute an Event of Default under this Agreement. Upon the occurrence and continuation of any Event of Default hereunder and subject to paragraph 11 above, this Agreement shall terminate and the Agency shall reconvey the Facility to the company pursuant to Section 10.2(a)(ii) of the Lease Agreement and subject to the provisions of the Recapture Agreement.

18. The Company and the Agency hereby agree that the obligations and liabilities of the Company hereunder are the absolute and unconditional obligations and liabilities of the Company and not the obligations and liabilities of any officer, director, shareholder or employee of the Company, and that no officer, director, shareholder or employee of the Company shall have any obligation or liability hereunder.

19. This PILOT Agreement shall cover the real property located on Exhibit B attached hereto.

(Remainder of page Intentionally Left Blank – Signature Page Follows)

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

ZTA RENTAL PROPERTIES L.P.

By: D&A Owners Corp., its general partner

By: 
Name: David Wolkoff
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.

ZTA RENTAL PROPERTIES L.P.

By: D&A Owners Corp., its general partner

By: _____
Name: David Wolkoff
Title: President

**TOWN OF ISLIP INDUSTRIAL
DEVELOPMENT AGENCY**

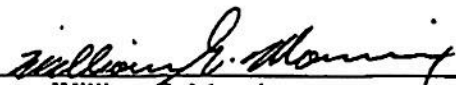
By: 
Name: William G. Mannix
Title: Executive Director

EXHIBIT A

Formula for In-Lieu-of-Taxes Payment: 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 Union Free School District, Suffolk County and Appropriate Special Districts

Definitions

X = assessment based on a transfer of title as of the date of this PILOT Agreement of land and those improvements existing as of April 25, 2013.

Y = increase in assessment above X resulting from the acquisition, construction and equipping of the Facility.

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.

Payment

Tax Year (following first taxable status date after the election by Company more specifically set forth in paragraph 1(c) of this PILOT Agreement)

Formula

1	100% normal tax on X and 0% normal tax on Y
2	100% normal tax on X and 10% normal tax on Y
3	100% normal tax on X and 20% normal tax on Y
4	100% normal tax on X and 30% normal tax on Y
5	100% normal tax on X and 40% normal tax on Y
6	100% normal tax on X and 50% normal tax on Y
7	100% normal tax on X and 60% normal tax on Y
8	100% normal tax on X and 70% normal tax on Y
9	100% normal tax on X and 80% normal tax on Y
10	100% normal tax on X and 90% normal tax on Y
11 and thereafter	100% normal tax on X and 100% normal tax on Y

EXHIBIT B

Legal Description of Real Property

DECISION 2000 REAL ESTATE SERVICES INC.

SCHEDULE A CONTINUED

Title No.13-08-8008

All that certain plot, piece or parcel of land, situate, lying and being at Edgewood, Town of Islip, County of Suffolk and State of New York, known and designated as part of Lot 3 on a certain map entitled "Map of Heartland Business Center Expansion" and filed in the Office of the Clerk of the County of Suffolk on May 4, 2007 as Map No. 11520, said part of lot being more particularly bounded and described as follows:

Beginning at the southwesterly corner of herein described parcel, said point located the following four (4) courses from the westerly end of the curve connecting the northerly side of Long Island Avenue and the westerly side of Executive Drive:

1. Westerly as measured along the northerly side of Long Island Avenue 940.05 feet
2. North 00 degrees 25 minutes 53 seconds East 2,026.76 feet;
3. North 89 degrees 26 minutes 45 seconds East 207.92 feet;
4. North 00 degrees 33 minutes 15 seconds West 1,529.39 feet to the point of beginning;

Running thence the following two (2) courses:

1. North 00 degrees 33 minutes 15 seconds West 535.02 feet;
2. North 89 degrees 26 minutes 45 seconds East 593.69 feet to the westerly side of Wilshire Boulevard;

Thence along said road line, South 00 degrees 33 minutes 15 seconds East 729.02 feet;

Thence the following three (3) courses:

1. South 89 degrees 26 minutes 45 seconds West 453.69 feet;
2. North 00 degrees 33 minutes 15 seconds West 194.00 feet
3. South 89 degrees 26 minutes 45 seconds West 140.00 feet to the point or place of Beginning.

FOR FINFORMATION ONLY: District 0500 Section 112.00 Block 03.00 Lot 001.018 &/k/a
Part of Lot 001.010

Representing Chicago Title Insurance Company



INDUSTRIAL DEVELOPMENT AGENCIES
APPLICATION FOR REAL PROPERTY TAX EXEMPTION
 (Real Property Tax Law, Section 412-a and General Municipal Law, Section 874)

1. INDUSTRIAL DEVELOPMENT AGENCY (IDA)

Name Town of Islip Industrial Development Agency
Street 40 Nassau Avenue
City Islip 11751
Telephone no. Day [REDACTED]
Evening ()
Contact William G. Mannix
Title Executive Director

2. OCCUPANT (IF OTHER THAN IDA)

(If more than one occupant attach separate listing)

ZTA Rental Properties, L.P
 Name _____
 Street 1 Executive Drive
 City Edgewood, New York 11717
 Telephone no. Day ____ () ____
 Evening ____ () ____
 Contact David Wolkoff
 Title President

3. DESCRIPTION OF PARCEL

- a. Assessment roll description (tax map no./roll year)
Section 112.00 Block 03.00 Lot 001.018
- b. Street address 545 Johnson Avenue
- c. City, Town or Village Edgewood, New York 11717
- d. School District Brentwood Union Free
- e. County Suffolk
- f. Current assessment _____
- g. Deed to IDA (date recorded; liber and page)
N/A - see attached

4. GENERAL DESCRIPTION OF PROPERTY (if necessary, attach plans or specifications)

- a. Brief description (include property use)
construction and equipping of an approximately 150,000 square foot warehouse/light manufacturing building with approximately 28.0 foot high ceilings under steel located thereon
- b. Type of construction unavailable
- c. Square footage app. 150,000 sq ft
- d. Total cost _____
- e. Date construction commenced unavailable
- f. Projected expiration of exemption (i.e. date when property is no longer possessed, controlled, supervised or under the jurisdiction of IDA)
November 30, 2024

5. SUMMARIZE AGREEMENT (IF ANY) AND METHOD TO BE USED FOR PAYMENTS TO BE MADE TO MUNICIPALITY REGARDLESS OF STATUTORY EXEMPTION

(Attach copy of the agreement or extract of the terms relating to the project).

- a. Formula for payment see attached PILOT Agreement
- b. Projected expiration date of agreement November 30, 2024

c. Municipal corporations to which payments will be made

	Yes	No
County <u>Suffolk</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Town/City <u>Edgewood, New York 1</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Village _____		
School District <u>Brentwood Union Free</u>	<input checked="" type="checkbox"/>	

d. Person or entity responsible for payment

Name David Wolkoff
 Title President
 Address 1 Executive Drive
Edgewood, New York 11717

e. Is the IDA the owner of the property? Yes/No(circle one)
 If "No" identify owner and explain IDA rights or interest in an attached statement. see attachment

Telephone _____

6. Is the property receiving or has the property ever received any other exemption from real property taxation?
 (check one) ☒ Yes ☐ No

If yes, list the statutory exemption reference and assessment roll year on which granted:
 exemption _____ assessment roll year _____

7. A copy of this application, including all attachments, has been mailed or delivered on 12/___/2013 (date) to the chief executive official of each municipality within which the project is located as indicated in Item 3.

CERTIFICATION

I, William G. Mannix, Executive Director of
Town of Islip Industrial Development Agency hereby certify that the information
Organization
 on this application and accompanying papers constitutes a true statement of facts.

December , 2013
 Date


 Signature

FOR USE BY ASSESSOR

1. Date application filed _____
2. Applicable taxable status date _____
- 3a. Agreement (or extract) date _____
- 3b. Projected exemption expiration (year) _____
4. Assessed valuation of parcel in first year of exemption \$ _____
5. Special assessments and special ad valorem levies for which the parcel is liable:

 Date

 Assessor's signature

110 Wilshire Blvd -EDGEWOOD NY

SCHEDULE OF PILOT PAYMENTS

12-19-17	5-11.18
45,807.10	45,807.09
12-21-16	5-17-17
27,560.02	27,560.02
12-22-15	5-20-16
10,912.45	10,912.42
12-23-14	5-22-15
79,677.80	79,677.80
12-30-13	5-14-14
10,129.15	10,129.14

