MEETING OF THE TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY
February 11, 2014
Agenda

1. Call the meeting of the Town of Islip Industrial Development Agency to order.

2. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to approve the minutes from the Special Meeting of the Members of the Town of Islip Industrial Development Agency on January 14, 2014.

3. To consider the adoption of an Inducement Resolution between the Town of Islip Industrial Development Agency and Perfume Center of America, Inc. located at 2020 Ocean Avenue, Ronkonkoma.

4. To consider the adoption of an Authorizing Resolution between the Town of Islip Industrial Development Agency and FJH Enterprise LLC/AA Technology Inc. located at 100 Trade Zone Plaza, Ronkonkoma.

5. To consider the adoption of an Authorizing Resolution between the Town of Islip Industrial Development Agency and Hauppauge Office Park Associates located at 898 Veterans Memorial Highway, Hauppauge.

6. To consider the adoption of an Authorizing Resolution between the Town of Islip Industrial Development Agency and 30 Drexel Drive LLC located at 30 Drexel Drive, Bay Shore.

7. To consider any other business that may come before the Agency.
1. The Special Meeting of the Town of Islip Industrial Development Agency was called to order on a motion by Councilman John Cochrane and seconded by Councilwoman Trish Bergin Weichbrodt. All members were present except for Chairman Tom Croci, who is on military leave.

Motions were presented to approve and adopt the following resolution on the January 14, 2014 IDA Agenda. The resolutions were as follows:

2. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to approve the minutes from the Special Meeting of the Members of the Town of Islip Industrial Development Agency on December 10, 2013. On a motion by Councilwoman Trish Bergin Weichbrodt and seconded by Councilman Anthony Senft, said resolution was approved unanimously.

3. To consider the adoption of an Inducement Resolution between the Town of Islip Industrial Development Agency and 30 Drexel Drive LLC/Hospitality Art, LLC located at 30 Drexel Drive, Bay Shore. On a motion by Councilman John Cochrane and seconded by Councilman Steve Flotteron, said resolution was approved unanimously.

4. To consider the adoption of an Inducement Resolution between the Town of Islip Industrial Development Agency and Sheralven Enterprises/Heartland Boys II LP located at 2 Rodeo Drive, Edgewood. On a motion by Councilman Anthony Senft and seconded by Councilman Steve Flotteron, said resolution was approved unanimously.

5. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to adopt an Audit Committee in compliance with the Public Authority Accountability Act ("PAAA") and to appoint Steven J. Flotteron, John C. Cochrane, Jr. and Ronald Devine to that committee. On a motion by Councilman John Cochrane and seconded by Councilman Anthony Senft, said resolution was approved unanimously.

6. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to adopt a Code of Ethics in compliance with the Public Authority Accountability Act ("PAAA") and to appoint the Board of Ethics of the Town of Islip as its Ethics Officer. On a motion by Councilman Steve Flotteron and seconded by Councilman John Cochrane, said resolution was approved unanimously.

7. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to adopt a Finance Committee in compliance with the Public
Authority Accountability Act ("PAAA") and to appoint Trish Bergin Weichbrodt, Anthony S. Senft, Jr. and Eric Hofmeister to that committee. On a motion by Councilman Steve Flotteron and seconded by Councilwoman Trish Bergin Weichbrodt, said resolution was approved unanimously.

8. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to adopt a Governance Committee in compliance with the Public Authority Accountability Act ("PAAA") and to appoint Thomas D. Croci, Trish Bergin Weichbrodt and John Cochrane to that committee. On a motion by Councilman Anthony Senft and seconded by Councilman John Cochrane, said resolution was approved unanimously.

9. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to enter into a contract with Ellen Colozzo, Principal of E.C. Consulting Services, Inc. for the period of January 1, 2014 through December 31, 2014, to manage and oversee the collection and distribution of PILOT monies in accordance with prescribed procedures, and to collect data for eventual submittal. The compensation for said contract will be set at $40.00 per hour and be limited to $5,000.00 annually. On a motion by Councilman Steve Flotteron and seconded by Councilman John Cochrane, said resolution was approved unanimously.

10. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to adopt an Investment Policy in compliance with the Public Authority Accountability Act ("PAAA") which shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of the Agency. On a motion by Councilman Anthony Senft and seconded by Councilwoman Trish Bergin Weichbrodt, said resolution was approved unanimously.

11. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to adopt a Procurement Policy in compliance with the Public Authority Accountability Act ("PAAA") which will apply to the procurement for goods and services not subject to the competitive bidding requirements set forth in General Municipal Law Section 103 and which goods and services are paid for and used by the Agency. On a motion by Councilman John Cochrane and seconded by Councilman Steve Flotteron, said resolution was approved unanimously.

12. To consider a Resolution on behalf of the Town of Islip Industrial Development Agency to adopt the Travel Authorization and Mileage Reimbursement guidelines as stated in the Town of Islip Administrative Procedures Manual, Section 303, as recommended by the New York State Authorities Budget Office. On a motion by Councilman Anthony Senft and seconded by Councilman John Cochrane, said resolution was approved unanimously.

13. The January 14, 2014 meeting of the IDA Board was adjourned on a motion by Councilman Flotteron and seconded by Councilwoman Trish Bergin Weichbrodt.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 47 of the Laws of 1974 of the State of New York, as amended from time to time (collectively, the “Act”), the Town of Islip Industrial Development Agency (the “Agency”) was created with the authority and power among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, the Agency previously provided its assistance to Shri Parshwa Padmavati & Co. LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, on behalf of itself and/or the principals of Shri Parshwa Padmavati & Co. LLC, having an office at 100 Commercial Street, Plainview, New York 11803 (the “Company”) and Perfume Center of America, Inc., a business corporation duly organized and validly existing under the laws of the State of New York, on behalf of itself and/or the principals of Perfume Center of America, Inc., having an office at 100 Commercial Street, Plainview, New York 11803 (the “Sublessee”), consisting of the acquisition of an approximately 11.0 acre parcel of land located at 2020 Ocean Avenue, Ronkonkoma, New York, the construction of an approximately 160,000 square foot brick and metal panel building to be located thereon, including the construction of up to 6 loading docks, to be used as corporate offices and warehouse space, and the equipping thereof including, but not limited to, a racking system all to be leased by the Agency to the Company, for further sublease to, and use by, the Sublessee in the wholesale distribution of fragrances and related products (collectively, the “Facility”), including the following as they relate to the acquisition, construction and equipping of such Facility, whether or not any materials or supplies described below are incorporated into or become an integral part of such Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with the acquisition, construction and equipping of the Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with the acquisition, construction and equipping of the Facility, and (iii) all purchases, leases, rentals and uses of equipment, machinery and other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under such Facility; and
WHEREAS, the Agency acquired title to the Facility pursuant to a certain Bargain and Sale Deed, dated November 24, 2008 (the "Deed"), from the Company to the Agency, which such Deed was to be recorded in the Suffolk County Clerk’s office; and

WHEREAS, the Agency leased the Facility to the Company pursuant to a certain Lease Agreement, dated as of November 1, 2008 (the "Lease Agreement"), between the Agency and the Company, and a Memorandum of Lease Agreement was to be recorded in the Suffolk County Clerk’s office; and

WHEREAS, the Company subleased the Facility to the Sublessee pursuant to a certain Sublease Agreement, dated as of November 24, 2008 (the "Sublease Agreement"), between the Company and the Sublessee, and a Memorandum of Sublease Agreement was to be recorded in the Suffolk County Clerk’s office; and

WHEREAS in connection with the leasing and subleasing of the Facility, the Agency, the Company and the Sublessee entered into a certain Environmental Compliance and Indemnification Agreement, dated as of November 1, 2008 (the "Environmental Compliance and Indemnification Agreement"), from the Company and the Sublessee to the Agency; and

WHEREAS, in order to define the Company and the Sublessee’s obligations regarding payments-in-lieu-of taxes with respect to the Facility, the Agency, the Company and the Sublessee entered into a certain Payment-in-Lieu-of-Tax Agreement, dated as of November 1, 2008 (the "PILOT Agreement"), pursuant to which the Company and the Sublessee agreed to make payments in lieu of taxes on the Facility; and

WHEREAS, the Agency and the Sublessee entered into a certain Agency Compliance Agreement, dated as of November 1, 2008 (the "Agency Compliance Agreement"), between the Agency and the Company; and

WHEREAS, due to unforeseen economic circumstances the Company and the Sublessee were unable to proceed with the construction and equipping of the Facility in 2008; and

WHEREAS, the Company has now submitted a revised application for financial assistance to the Agency reflecting a revision in the square footage of the Facility to 150,000 square feet and has submitted a request for the Agency’s consent to an extension of the payments-in-lieu-of-taxes benefits presently provided under the PILOT Agreement and in connection therewith, the amendment and extension of the Lease Agreement and the Environmental Compliance and Indemnification Agreement; and

WHEREAS, the Agency proposes to provide financial assistance to the Company in the form of the modification and extension of current abatements of real property taxes on the Facility, in accordance with an Amended and Restated Payment-in-Lieu-of-Tax Agreement (the "Amended and Restated PILOT Agreement"), to be entered into by and between the Company and the Agency, which Amended and Restated PILOT Agreement shall be for a total period of fifteen (15) years from the taxable status date following receipt of the Certificate of Occupancy and completion of the new Facility, consistent with the policies of the Agency; and
WHEREAS, in accordance with such extension of benefits, the parties intend to enter into (i) an Amendment Agreement (the “Amendment Agreement”), by and between the Company and the Agency, whereby the term of the Lease Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreement shall be amended to coincide with the term of the Amended and Restated PILOT Agreement; and (ii) a Recapture Agreement (the “Recapture Agreement”), by and between the Company and the Agency; and

WHEREAS, the requested financial assistance with respect to the extension of abatement of real property taxes deviates from the Agency’s Uniform Tax Exemption Policy (the “Policy”) adopted in or around December, 1993, as previously amended, because the Amended and Restated PILOT Agreement will be extended for a term of up to fifteen (15) years; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company and the Sublessee consistent with the policies of the Agency, in the form of (i) exemptions from mortgage recording taxes presently estimated to be $194,250 but not to exceed $250,000 in connection with the financing of the acquisition, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, construction and equipping of the Facility, (ii) exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $833,175.00 (as set forth in the Form of Sales Tax Letter set forth as Exhibit C hereto) and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit D hereof), consistent with the policies of the Agency; and

WHEREAS, prior to the closing of the transaction described herein, a public hearing (the “Hearing”) will be held so that all persons with views in favor of or opposed to either the financial assistance contemplated by the Agency or the location or nature of the Facility can be heard; and

WHEREAS, notice of the Hearing will be given prior to the closing of the transaction described herein, and such notice (together with proof of publication) will be substantially in the form annexed hereto as Exhibit A; and

WHEREAS, the minutes of the Hearing are or will be annexed hereto as Exhibit B; and

WHEREAS, the Agency has given due consideration to the application of the Company and the Sublessee and to representations by the Company and the Sublessee that the proposed financial assistance with respect to the extension of abatement of real property taxes is either an inducement to the Company and/or the Sublessee to maintain and expand the Facility in the Town of Islip or is necessary to maintain the competitive position of the Company and the Sublessee in their respective industry; and
WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, the “SEQR Act” or “SEQR”), the Agency constitutes a “State Agency”; and

WHEREAS, to aid the Agency in determining whether the Facility may have a significant effect upon the environment, the Company has prepared and submitted to the Agency an Environmental Assessment Form and related documents (the “Questionnaire”) with respect to the Facility, a copy of which is on file at the office of the Agency;

WHEREAS, the Questionnaire has been reviewed by the Agency; and

WHEREAS, the Company has agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transaction contemplated by the leasing of the Facility by the Agency to the Company and the proposed extension of abatement of real property taxes to the Facility by the Agency;

NOW, THEREFORE, BE IT RESOLVED by the Town of Islip Industrial Development Agency (a majority of the members thereof affirmatively concurring) that:

Section 1. Based upon the Environmental Assessment Form completed by the Sublessee and reviewed by the Agency and other representations and information furnished by the Sublessee regarding the Facility, the Agency determines that the action relating to the acquisition, construction, equipping and operation of the Facility is an “Unlisted” action, as that term is defined in the SEQR Act. On November 18, 2008, a negative declaration for purposes of SEQR was adopted by the Town of Islip Board of Trustees. Based upon an independent review of the Questionnaire submitted by the Sublessee, the Agency concurs with the negative declaration adopted by the Town of Islip Board of Trustees (attached to this resolution as Exhibit E), and adopts the Town’s negative declaration as its own for purposes of SEQR. Notice of this determination shall be filed to the extent required by the applicable regulations under SEQRA or as may be deemed advisable by the Chairman or Executive Director of the Agency or counsel to the Agency.

Section 2. The acquisition, construction and equipping of the Facility by the Agency, the leasing thereof to the Company and the subleasing thereof to the Sublessee, and the provision of financial assistance pursuant to the Act will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of the Town of Islip and the people of the State of New York and improve their standard of living, and thereby serve the public purposes of the Act, and the same is, therefore, approved.

Section 3. The form and substance of a proposed inducement agreement (in substantially the form presented to this meeting) by and among the Agency, the Company and the Sublessee setting forth the undertakings of the Agency, the Company and the Sublessee with respect to the development of the Facility (the “Agreement”) is hereby approved. The Executive Director of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Agreement, with such changes in terms and form as the Executive Director shall
approve. The execution thereof by the Executive Director shall constitute conclusive evidence of such approval.

Section 4. Subject to the conditions set forth in Section 4.02 of the Agreement, the Agency shall (i) acquire, construct and equip the Facility, and (ii) continue to lease (with an obligation to purchase) or sell the Facility to the Company.

Section 5. The Company and the Sublessee are hereby appointed the true and lawful agent(s) of the Agency to acquire, construct and equip the Facility on behalf of the Agency, with the authority to delegate their respective status as agent(s) of the Agency to the Company's and the Sublessee's respective agents, subagents, contractors, subcontractors, suppliers, vendors and other such parties as the Company and the Sublessee may choose. The terms and conditions for the appointment of the Company and the Sublessee as agent(s) of the Agency for the purposes described in this Section 5 are set forth in the form of the attached letter addressed to the Company and the Sublessee, marked as Exhibit C to this resolution, which is incorporated herein by reference. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of the Company and the Sublessee as agent(s) of the Agency solely for purposes of making sales or leases of goods, services and supplies to the Facility, and any such transaction between any agent, subagent, contractor, subcontractor, materialmen, vendor or supplier, and the Company and the Sublessee, as agent(s) of the Agency, shall be deemed to be on behalf of the Agency and for the benefit of the Facility. This agency appointment expressly excludes the purchase by the Company and the Sublessee of any motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets. The Company and the Sublessee shall indemnify the Agency with respect to any transaction of any kind between and among the agents, subagents, contractors, subcontractors, materialmen, vendors and/or suppliers and the Company and the Sublessee, as agent(s) of the Agency. The aforesaid appointment of the Company and the Sublessee as agent(s) of the Agency to acquire, construct and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, or (b) the date on which the Agency designates, or (c) the date on which the Company and/or the Sublessee purchases or leases equipment, building materials, services or other personal property in an amount not to exceed $833,175.00; provided however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company and/or the Sublessee if such activities and improvements are not completed by such time. The aforesaid appointment of the Company and the Sublessee is subject to the Agency conducting a public hearing following public notice thereof as required by the Act and the adoption by the Agency of a ratification resolution after such public hearing has been held and minutes thereof have been made available to the members of the Agency to aid in their deliberations.

Section 6. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company and the Sublessee in connection with the acquisition, construction and equipping of the Facility in the form of (i) exemptions from mortgage recording taxes presently estimated to be $194,250 but not to exceed $250,000 in connection with the financing of the acquisition, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, construction and equipping of the Facility, (ii) exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed
$833,175.00 (as set forth in the Form of Sales Tax Letter set forth as Exhibit C hereof) and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit D hereof), consistent with the policies of the Agency.

Section 7. The Company and the Sublessee hereby agree to comply with Section 875 of the Act. The Company and the Sublessee further agree that the exemption of sales and use tax provided pursuant to the Act and the appointment of the Company and the Sublessee as agents of the Agency pursuant to this resolution is subject to termination and recapture of benefits pursuant to Section 875 of the Act and the Recapture Agreement.

Section 8. Counsel to the Agency is authorized and directed to work with Transaction Counsel (Nixon Peabody LLP) to prepare, for submission to the Agency, all documents necessary to affect the transfer of the real estate described in the foregoing resolution.

Section 9. The Chairman, Executive Director, counsel to the Agency and all members of the Agency are hereby authorized and directed (i) to distribute copies of this resolution to the Company and the Sublessee, and (ii) to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this resolution.

Section 10. This resolution shall take effect immediately.
STATE OF NEW YORK                       )  
COUNTY OF SUFFOLK                       )  

I, the undersigned Secretary of the Town of Islip Industrial Development Agency, DO 
HEREBY CERTIFY THAT:  

I have compared the foregoing copy of a resolution of the Town of Islip Industrial 
Development Agency (the “Agency”) with the original thereof on file in the office of the 
Agency, and the same is a true and correct copy of such resolution and of the proceedings of the 
Agency in connection with such matter.  

Such resolution was passed at a meeting of the Agency duly convened in public session 
on February 11, 2014, at Islip Town Hall, 655 Main Street, Islip, New York, at which meeting 
the following members were:  

Present:  

Absent:  

Also Present:  

The question of the adoption of the foregoing resolution was duly put to vote on roll call, 
which resulted as follows:  

Voting Aye  

and, therefore, the resolution was declared duly adopted.  

The Agreement and the Application are in substantially the form presented to and 
approved at such meeting.
I FURTHER CERTIFY that (i) all members of the Agency had due notice of said meeting, pursuant to Sections 103a and 104 of the Public Officers Law (Open Meetings Law), (ii) said meeting was open to the general public and public notice of the time and place of said meeting was duly given in accordance with such Sections 103a and 104, (iii) the meeting in all respects was duly held, and (iv) there was a quorum present throughout.

IN WITNESS WHEREOF, I have hereunto set my hand as of February 11, 2014.

________________________________________
Secretary
EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Title 1 of Article 18-A of the New York State General Municipal Law will be held by the Town of Islip Industrial Development Agency (the “Agency”) on the [___] day of February 2014, at [______] a.m., local time, at the Town of Islip, Offices of Economic Development, 40 Nassau Avenue, Islip, New York 11751 in connection with the following matters:

Shri Parshwa Padmavati & Co. LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, having an office at 100 Commercial Street, Plainview, New York 11803 (the “Company”) and Perfume Center of America, Inc., a business corporation duly organized and validly existing under the laws of the State of New York, having an office at 100 Commercial Street, Plainview, New York 11803 (the “Sublessee”), have submitted a request to the Agency for an extension of payments-in-lieu-of-taxes benefits on and assistance in the acquisition of an approximately 11.0 acre parcel of land located at 2020 Ocean Avenue, Ronkonkoma, New York, the construction of an approximately 150,000 square foot brick and metal panel building to be located thereon, including the construction of up to 6 loading docks, to be used as corporate offices and warehouse space, including, but not limited to, a racking system all to be leased by the Agency to the Company, for further sublease to, and use by, the Sublessee in the wholesale distribution of fragrances and related products (collectively, the “Facility”). The Facility will be initially owned and/or operated by the Company.

The Agency has previously acquired title to the Facility and will continue to lease the Facility to the Company pursuant to a Lease Agreement, as amended. At the end of the extended lease term with respect to the Facility, the Company will purchase the Facility from the Agency. The Agency contemplates that it will provide financial assistance to the Company and the Sublessee in the form of exemptions from mortgage recording taxes, if a mortgage is required, in connection with the acquisition, construction and equipment financing or any subsequent refinancing or permanent financing of the Facility, exemptions from sales and use taxes and modification and extension of current abatements of real property taxes, which extension shall be for a total period of fifteen (15) years from the taxable status date following receipt of the Certificate of Occupancy and completion of the Facility, consistent with the policies of the Agency.

A representative of the Agency will at the above-stated time and place hear and accept written comments from all persons with views in favor of or opposed to either the proposed financial assistance to the Company or the location or nature of the Facility. At the hearing, all persons will have the opportunity to review the application for financial assistance filed by the Company with the Agency and an analysis of the costs and benefits of the proposed Facility.

Dated: February __, 2014

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

By: William G. Mannix
Title: Executive Director
EXHIBIT B

MINUTES OF PUBLIC HEARING HELD ON
February [__], 2014

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
(Shri Parshwa Padmavati & Co. LLC/Perfume Center of America, Inc. 2008 Facility)

1. William G. Mannix, Executive Director of the Town of Islip Industrial Development Agency (the “Agency”) called the hearing to order.

2. William G. Mannix then appointed himself the hearing officer of the Agency, to record the minutes of the hearing.

3. The hearing officer then described the proposed transfer of the real estate, the other financial assistance proposed by the Agency and the location and nature of the Facility as follows:

Shri Parshwa Padmavati & Co. LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, having an office at 100 Commercial Street, Plainview, New York 11803 (the “Company”), and Perfume Center of America, Inc., a business corporation duly organized and validly existing under the laws of the State of New York, having an office at 100 Commercial Street, Plainview, New York 11803 (the “Sublessee”), have submitted a request to the Agency for an extension of payments-in-lieu-of-taxes benefits on and assistance in the acquisition of an approximately 11.0 acre parcel of land located at 2020 Ocean Avenue, Ronkonkoma, New York, the construction of an approximately 150,000 square foot brick and metal panel building to be located thereon, including the construction of up to 6 loading docks, to be used as corporate offices and warehouse space, including, but not limited to, a racking system all to be leased by the Agency to the Company, for further sublease to, and use by, the Sublessee in the wholesale distribution of fragrances and related products (collectively, the “Facility”). The Facility will be initially owned and/or operated by the Company.

The Agency has previously acquired title to the Facility and will continue to lease the Facility to the Company pursuant to a Lease Agreement, as amended. At the end of the extended lease term with respect to the Facility, the Company will purchase the Facility from the Agency. The Agency contemplates that it will provide financial assistance to the Company and the Sublessee in the form of exemptions from mortgage recording taxes, if a mortgage is required, in connection with the acquisition, construction and equipment financing or any subsequent refinancing or permanent financing of the Facility, exemptions from sales and use taxes and modification and extension of current abatements of real property taxes, which extension shall
be for a total period of fifteen (15) years from the taxable status date following receipt of the Certificate of Occupancy and completion of the Facility, consistent with the policies of the Agency.

4. The hearing officer then opened the hearing for comments from the floor for or against the proposed transfer of real estate, the other financial assistance proposed by the Agency and the location and nature of the Facility. The following is a listing of the persons heard and a summary of their views:

5. The hearing officer then asked if there were any further comments, and, there being none, the hearing was closed at [________________]
STATE OF NEW YORK    )
COUNTY OF SUFFOLK    )

: SS.:

I, the undersigned Secretary of the Town of Islip Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the foregoing copy of the minutes of a public hearing held by the Town of Islip Industrial Development Agency (the “Agency”) on February [__], 2014, at [___] a.m., local time, at Town of Islip, Offices of Economic Development, 40 Nassau Avenue, Islip, New York 11751, with the original thereof on file in the office of the Agency, and that the same is a true and correct copy of the minutes in connection with such matter.

IN WITNESS WHEREOF, I have hereunto set my hand as of February [__], 2014.

______________________________
Secretary
EXHIBIT C

(To be copied on Agency letterhead and delivered to the Company and the Sublessee at time of Closing.)

__________, 2014

Shri Parshwa Padmavati & Co. LLC
Perfume Center of America, Inc.
100 Commercial Street
Plainview, New York 11803

RE: Town of Islip Industrial Development Agency
(Shri Parshwa Padmavati & Co. LLC/Perfume Center of America, Inc.
2008 Facility)

Gentlemen:

Pursuant to resolutions duly adopted on February 11, 2014 and [__________] (the “Resolutions”), the Town of Islip Industrial Development Agency (the “Agency”) appointed Shri Parshwa Padmavati & Co. LLC, a limited liability company duly organized and validly existing under the laws of the State of New York (the “Company”), and Perfume Center of America, Inc., a business corporation duly organized validly existing under the laws of the State of New York (the “Sublessee”), the true and lawful agents of the Agency in connection with the Agency’s acquisition of an approximately 11.0 acre parcel of land located at 2020 Ocean Avenue, Ronkonkoma, New York, the construction of an approximately 150,000 square foot brick and metal panel building to be located thereon, including the construction of up to 6 loading docks, to be used as corporate offices and warehouse space, including, but not limited to, a racking system all to be leased by the Agency to the Company, for further sublease to, and use by, the Sublessee in the wholesale distribution of fragrances and related products (collectively, the “Facility”).

This appointment includes authority to purchase on behalf of the Agency all materials to be incorporated into and made an integral part of the Facility, and the following activities as they relate to any construction, erection and completion of any buildings, whether or not any materials, equipment or supplies described below are incorporated into or become an integral part of such Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with the acquisition, construction and equipping of the Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with the acquisition, construction and equipping of the Facility, and (iii) all purchases, leases, rentals and uses of equipment, machinery and other tangible personal property (including installation costs with respect
thereof) installed or placed in, upon or under such Facility, including all repairs and replacements of such property.

The agency appointment includes the power to delegate such agency appointment, in whole or in part, to agents, subagents, contractors, subcontractors, materialmen, suppliers and vendors of the Company and the Sublessee and to such other parties as the Company and the Sublessee may choose so long as they are engaged, directly or indirectly, in the activities hereinbefore described.

The agency appointment expressly excludes the purchase of any motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets.

In exercising this agency appointment, the Company, the Sublessee, their respective agents, subagents, contractors and subcontractors should give the supplier or vendor a copy of this letter to show that the Company, the Sublessee, their respective agents, subagents, contractors and subcontractors are each acting as agent for the Agency. The supplier or vendor should identify the Facility on each bill or invoice and indicate thereon that the Company, the Sublessee, their respective agents, subagents, contractors and subcontractors acted as agent for the Agency in making the purchase. You and each of your agents, subagents, contractors and/or subcontractors claiming a sales tax exemption in connection with the Facility must execute a copy of the Contract in Lieu of Exemption Certificate attached hereto, and must complete a New York State Department of Taxation and Finance Form ST-60. Original copies of each Contract in Lieu of Exemption Certificate and completed Form ST-60 must be delivered to the Agency within five (5) days of the appointment of each of your agents, subagents, contractors or subcontractors. Any agent, subagent, contractor or subcontractor of the Company or the Sublessee which delivers a completed Form ST-60 to the Agency will be deemed to be the agent, subagent, contractor or subcontractor of the Agency for purposes of acquiring, constructing and equipping the Facility. Failure to comply with these requirements may result in loss of sales tax exemptions for the Facility.

The aforesaid appointment of the Company and the Sublessee as agents of the Agency to acquire, construct and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, (b) the date the Agency designates or (c) the date on which the Company and/or the Sublessee purchases or leases equipment, building materials, services or other personal property in an amount not to exceed $833,175.00; provided, however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company or the Sublessee if such activities and improvements are not completed by such time, and further provided that the Agency shall not unreasonably withhold its consent to the extension of such appointment.

You should be aware that the New York State General Municipal Law requires you to file an Annual Statement with the New York State Department of Taxation and Finance regarding the value of sales tax exemptions you, your agents, consultants or subcontractors
have claimed pursuant to the authority we have conferred on you with respect to this Facility. The penalty for failure to file such statement is the removal of your authority to act as an agent.

If, for some reason, this transaction never closes, you will be liable for payment of the sales tax, if applicable and you are not otherwise exempt, on all materials purchased.

Please sign and return a copy of this letter for our files.

Very truly yours,

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

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

ACCEPTED & AGREED:

SHRI PARSHWA PADMAVATI & CO. LLC

Name: Kanak Golia
Title: Member

PERFUME CENTER OF AMERICA, INC.

Name: Kanak Golia
Title: President
TO: All Contractors, Subcontractors, Suppliers and Vendors, etc. of Shri Parshwa Padmavati & Co. LLC Perfume Center of America, Inc.

Attached please find a “Contract in Lieu of Exemption Certificate” (the “Contract”) which will serve as documentation for not charging Shri Parshwa Padmavati & Co. LLC (the “Company”) or Perfume Center of America, Inc. (the “Sublessee”), for sales or use tax in connection with any purchase, lease, rental and other use of materials, equipment, goods, services or supplies at the facility owned by the Town of Islip Industrial Development Agency (the “Agency”) and described in Addendum A to the aforesaid Contract (the “Facility”).

Also attached is a letter signed by the Agency appointing the Company and the Sublessee as its agents for the purpose of acquiring, constructing and equipping the Facility. This letter authorizes the Company and the Sublessee to delegate their respective authority as agents of the Agency to their respective agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company or the Sublessee may authorize.

In accordance with the authority granted to the Company and the Sublessee by the Agency, you are hereby appointed as agent of the Agency for the purpose of making purchases or leases of materials, equipment, goods, services and supplies to the Facility. Your appointment as agent of the Agency is contingent upon your completing the attached Form ST-60 and returning it to the Company or the Sublessee and the Form ST-60 then being filed by the Agency with the New York State Department of Taxation and Finance.

Very truly yours,

SHRI PARSHWA PADMAVATI & CO. LLC

By: ____________________________
Name: Kanak Golia
Title: Member

PERFUME CENTER OF AMERICA, INC.

By: ____________________________
Name: Kanak Golia
Title: President

xc: Town of Islip Industrial Development Agency
This Contract is entered into by and between SHRI PARSHWA PADMAVATI & CO. LLC (the “Company”) and PERFUME CENTER OF AMERICA, INC. (the “Sublessee”) as agents for and on behalf of the Town of Islip Industrial Development Agency, a public benefit corporation and a governmental agency of the State of New York, hereinafter called the “Agency” or the “Owner” of the facility described in Addendum A hereto (the “Facility”), and the contractor or the subcontractor more particularly described on page 2 hereof (hereinafter, the “Contractor”).

Pursuant to the authority granted to the Company and the Sublessee, as agents of the Agency, the Contractor is hereby appointed agent of said Agency for purposes of completing, executing or otherwise carrying out the obligations imposed under this Contract.

The Contractor acknowledges that the Agency holds title to and owns the Facility and that said Agency is a public benefit corporation and governmental entity of the State of New York. By reason of such status, the Owner and its agents acting on its behalf are exempt from payment of all New York State and local sales and use taxes on the purchase or lease of all materials, equipment, goods, services and supplies incorporated into and made an integral component part of any structure, building or real property which becomes the property of the Owner, and all equipment, machinery and other tangible personal property (including installation costs with respect thereto) which becomes the property of the Owner. In addition, the Owner and its agents acting on its behalf are exempt from all sales and use taxes arising out of or connected with the following, as they relate to performance under this Contract: (i) purchases, leases, rentals and other uses of tools, machinery and equipment, and (ii) purchases, leases, rentals, uses or consumption of supplies, goods, materials and services of every kind and description; provided, however, that exemption from sales and use taxes with respect to clauses (i) and (ii) above shall apply only if the Contractor is then acting as agent for the Owner under the terms of this Contract.

This sales tax letter expressly excludes the purchase by the Company and the Sublessee of any motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets.

Pursuant to these exemptions from sales and use taxes, the Contractor shall not include such taxes in its contract price, bid or reimbursable costs, as the case may be. If the Contractor does not comply with the requirements for sales and use tax exemptions, as described above, then it shall be responsible for and pay any and all applicable New York State sales and use taxes, and no portion thereof shall be charged or billed to the Owner, or to the Company or the Sublessee directly or indirectly, the intent of this Contract being that neither the Owner nor the Company nor the Sublessee shall be liable for any of the sales or use taxes described above. This Contract may be accepted by the Contractor in lieu of an exemption certificate and the Contractor shall retain a copy hereof to substantiate the sales and use tax exemption.

The aforesaid appointment of the Company and the Sublessee as agents of the Agency to acquire, construct and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, (b) the date the Agency designates or (c) the date on which the
Company and/or the Sublessee purchases or leases equipment, building materials, services or other personal property in an amount not to exceed $833,175.00; provided, however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company and/or the Sublessee, if such activities and improvements are not completed by such time, and further provided that the Agency shall not unreasonably withhold its consent to the extension of such appointment.

The Owner shall have the right to assign this Contract to the Company and/or the Sublessee by written notice to the Contractor and without written consent of the Contractor, in which case the Owner shall be relieved of all obligations hereunder. In the event of such assignment, all applicable sales and use taxes shall be added to the purchase price and paid to the Contractor pursuant to a change order. All of the above provisions with respect to exemptions for New York State and local sales and use taxes shall apply to all subcontractors and other parties in privity of contract with the Company, the Sublessee, the Owner or the Contractor pursuant to the terms of this Contract.

---

**OWNER:**

**SHRI PARSHWA PADMAVATI & CO. LLC**
as Agent for and on behalf of
the Town of Islip Industrial Development Agency

By:

Name: Kanak Golia
Title: Member

---

**DATE:**

**PERFUME CENTER OF AMERICA, INC.**
as Agent for and on behalf of
the Town of Islip Industrial Development Agency

By:

Name: Kanak Golia
Title: President

---

xc: Town of Islip Industrial Development Agency
ADDENDUM A

DESCRIPTION OF THE FACILITY

The “Facility” consists of an approximately 11.0 acre parcel of land located at 2020 Ocean Avenue, Ronkonkoma, New York, the construction of an approximately 150,000 square foot brick and metal panel building to be located thereon, including the construction of up to 6 loading docks, to be used as corporate offices and warehouse space, including, but not limited to, a racking system all to be leased by the Agency to the Company, for further sublease to, and use by, the Sublessee in the wholesale distribution of fragrances and related products.
EXHIBIT D

Form of Proposed PILOT Benefits

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), Connetquot Central School District, Suffolk County and Appropriate Special Districts

Definitions

\[ X = \$[\_\_\_\_\_\_]. \]

\[ Y = \text{increase in assessment above } X \text{ resulting from the acquisition, construction and equipping of the Facility.} \]

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/or the Sublessee would pay without exemption.

Payment

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

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EXHIBIT D

Resolutions of the
Town of Islip Board of Trustees November 18, 2008 Meeting
Adopting a Negative Declaration under SEQR
Date: February 11, 2014

At a meeting of the Town of Islip Industrial Development Agency (the “Agency”), held at Islip Town Hall, 655 Main Street, Islip, New York on the 11th day of February, 2014 the following members of the Agency were:

Present:

Absent:

Also Present:

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to acquisition of a leasehold interest in a certain industrial development facility more particularly described below (FHJ Enterprises, LLC/A A Technology Inc. 2014 Facility) and the leasing of the facility to FHJ Enterprises, LLC for further sublease to A A Technology Inc.

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

Voting Aye

Voting Nay
RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY TO BE LEASED TO FHJ ENTERPRISES, LLC, A NEW YORK LIMITED LIABILITY COMPANY AND TO BE SUBLEASED TO A A TECHNOLOGY INC., A NEW YORK CORPORATION AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 47 of the Laws of 1974 of the State of New York, as amended from time to time (collectively, the “Act”), the Town of Islip Industrial Development Agency (the “Agency”) was created with the authority and power among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, FHJ Enterprise, LLC, a New York limited liability company on behalf of itself and/or the principals of FHJ Enterprise, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “Company”) and A A Technology Inc., a New York business corporation, on behalf of itself and/or the principals of A A Technology Inc. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “Sublessee”), have applied to the Town of Islip Industrial Development Agency (the “Agency”) to enter into a transaction in which the Agency will assist in the acquisition of a ground lease for an approximately 3.61 acre parcel of land located at 100 Trade Zone Drive, Ronkonkoma, Town of Islip, New York currently owned by the Town of Islip Trade Zone Authority (the “Land”) and the construction and equipping on the Land of an approximately 36,000 square foot building (the “Improvements” and “Equipment”; and, together with the Land, the “Facility”), to be leased by the Agency to the Company, for further sublease by the Company to, and used by, the Sublessee in the manufacture and distribution of circuit boards and electrical components, including cables, wire harnesses and build-in components, including the following as they relate to the acquisition, construction and equipping of such Facility, whether or not any materials or supplies described below are incorporated into or become an integral part of such Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with the acquisition, construction and equipping of the Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with the acquisition, construction and equipping of the Facility, and (iii) all purchases, leases, rentals and uses of equipment, machinery and other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under such Facility; and

WHEREAS, the Agency will acquire a leasehold interest in the Facility pursuant to a certain Company Lease, dated as of February 1, 2014 or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency shall agree (the “Company Lease”), by and between the Company and the Agency; and
WHEREAS, the Agency will lease the Facility to the Company pursuant to a certain Lease Agreement, dated as of February 1, 2014 or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency shall agree (the “Lease Agreement”), by and between the Agency and the Company; and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company consistent with the policies of the Agency, in the form of (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be $2,925,000 but not to exceed $3,500,000 in connection with the financing of the acquisition, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, constructing and equipping of the Facility, and (ii) exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $132,825 (as set forth in the Form of Sales Tax Letter set forth as Exhibit A hereof) consistent with the policies of the Agency; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, in connection with the leasing and the subleasing of the Facility, the Agency, the Company and the Sublessee will enter into a certain Recapture Agreement, dated as of February 1, 2014 or such date as may be determined by the Agency and counsel to the Agency (the “Recapture Agreement”), among the Agency, the Company and the Sublessee; and

WHEREAS, as security for a loan or loans (as such term is defined in the Lease Agreement), the Agency and the Company will execute and deliver to a lender or lenders not yet determined (collectively, the “Lender”), a mortgage or mortgages, and such other loan documents satisfactory to the Agency, upon advice of counsel, in both form and substance, as may be reasonably required by the Lender, to be dated a date to be determined, in connection with the financing, any refinancing or permanent financing of the costs of the acquisition, construction and equipping of the Facility (collectively, the “Loan Documents”); and

WHEREAS, the Company and the Sublessee have agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transaction contemplated by the leasing of the Facility by the Agency to the Company;

NOW, THEREFORE, BE IT RESOLVED by the Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. The Agency hereby finds and determines:

(a) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and
(b) The Facility constitutes a “project”, as such term is defined in the Act; and

(c) The acquisition, construction and equipping of the Facility, the leasing of the Facility to the Company and the subleasing of the Facility by the Company to the Sublessee will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of Town of Islip, and the State of New York and improve their standard of living and thereby serve the public purposes of the Act; and

(d) The acquisition, construction and equipping of the Facility is reasonably necessary to induce the Company to maintain and expand its business operations in the State of New York; and

(e) Based upon representations of the Company and the Sublessee and counsel to the Company and the Sublessee, the Facility conforms with the local zoning laws and planning regulations of the Town of Islip, Suffolk County, and all regional and local land use plans for the area in which the Facility is located; and

(f) The Facility and the operations conducted therein do not have a significant effect on the environment, as determined in accordance with Article 8 of the Environmental Conservation Law of the State of New York and the regulations promulgated thereunder; and

(g) It is desirable and in the public interest for the Agency to lease the Facility to the Company; and

(h) The Company Lease will be an effective instrument whereby the company will lease the Facility to the Agency; and

(i) The Lease Agreement will be an effective instrument whereby the Agency will lease the Facility to the Company; and

(j) The Recapture Agreement will be an effective instrument whereby the Agency, the Company and the Sublessee agree to provide for the obligations of the Company and the Sublessee under the Transaction Documents (as defined in the Lease Agreement) and describe the circumstances in which the Agency may recapture some or all of the benefits granted to the Company and the Sublessee; and

(k) The Environmental Compliance and Indemnification Agreement, dated as of February 1, 2014 or such other date as may be determined by the Agency and counsel to the Agency (the “Environmental Compliance and Indemnification Agreement”), by and among the Agency, the Company and the Sublessee will be an effective instrument whereby the Company and the Sublessee agree to comply with all Environmental Laws (as defined therein) applicable to the Facility and will indemnify and hold harmless the Agency for all liability under all such Environmental Laws; and

(l) The Agency Compliance Agreement, dated as of February 1, 2014 or such other date as may be determined by the Agency and counsel to the Agency (the “Agency Compliance Agreement”), between the Agency and the Sublessee will be an effective
instrument whereby the Sublessee will provide certain assurances to the Agency with respect to the Facility; and

(m) The Loan Documents to which the Agency is a party will be effective instruments whereby the Agency and the Company agree to secure the Loan made to the Company by the Lender.

Section 2. In consequence of the foregoing, the Agency hereby determines to: (i) lease the Facility to the Company pursuant to the Lease Agreement, (ii) executed and delivery the Company Lease, (iii) execute, deliver and perform the Lease Agreement, (iv) execute, deliver and perform the Recapture Agreement, (v) execute and deliver the Environmental Compliance and Indemnification Agreement, (vi) execute and deliver the Agency Compliance Agreement, (vii) grant a mortgage on and security interests in and to the Facility pursuant to the Loan Documents, and (viii) execute, deliver and perform the Loan Documents to which the Agency is a party.

Section 3. The Agency is hereby authorized to acquire the real property and personal property described in Exhibit A and Exhibit B, respectively, to the Lease Agreement and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 4. The Agency is hereby authorized to acquire the Facility and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed. The Agency is hereby further authorized to execute and deliver the Loan Documents in connection with the financing of the costs of acquiring, constructing and equipping the Facility and any future Loan Documents in connection with any future refinancing or permanent financing of such costs of acquiring, constructing and equipping of the Facility without the need for any further or future approvals of the Agency.

Section 5. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company and the Sublessee in connection with the acquisition, construction and equipping of the Facility in the form of (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be $2,925,000 but not to exceed $3,500,000 in connection with the financing of the acquisition, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, constructing and equipping of the Facility, and (ii) exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $132,825 (as set forth in the Form of Sales Tax Letter set forth as Exhibit A hereof) consistent with the policies of the Agency.

Section 6. The Company and the Sublessee hereby agree to comply with Section 875 of the Act. The Company and the Sublessee further agree that the exemption of sales and use tax provided pursuant to the Act and the appointment of the Company and the Sublessee as agents of the Agency pursuant to this Authorizing Resolution is subject to
termination and recapture of benefits pursuant to Section 875 of the Act and the Recapture Agreement.

Section 7. The form and substance of the Company Lease, the Lease Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement, the Agency Compliance Agreement and the Loan Documents to which the Agency is a party (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redated and renamed) are hereby approved.

Section 8.

(a) The Chairman, Vice Chairman, Executive Director or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Company Lease, the Lease Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement, the Agency Compliance Agreement and the Loan Documents to which the Agency is a party, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, Vice Chairman, Executive Director or any member of the Agency shall approve, and such other related documents as may be, in the judgment of the Chairman and counsel to the Agency, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the “Agency Documents”). The execution thereof by the Chairman, Vice Chairman, Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, Vice Chairman, Executive Director or any member of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

Section 9. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute and deliver all such additional certificates, instruments and documents, pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 10. This resolution shall take effect immediately.
STATE OF NEW YORK )
                  : SS.: 
COUNTY OF SUFFOLK )

I, the undersigned Secretary of the Town of Islip Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Town of Islip Industrial Development Agency (the "Agency"), including the resolutions contained therein, held on the 11th day of February, 2014, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

That the Agency Documents contained in this transcript of proceedings are each in substantially the form presented to the Agency and/or approved by said meeting.

I FURTHER CERTIFY that public notice of the time and place of said meeting was duly given to the public and the news media in accordance with the New York Open Meetings Law, constituting Chapter 511 of the Laws of 1976 of the State of New York, that all members of said Agency had due notice of said meeting and that the meeting was all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 11th day of February, 2014.

By: ____________________________
    Secretary
At a meeting of the Town of Islip Industrial Development Agency (the “Agency”), held at Islip Town Hall, 655 Main Street, Islip, New York on the 11th day of February, 2014 the following members of the Agency were:

Present:

Absent:

Also Present:

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to acquisition of a leasehold interest in a certain industrial development facility more particularly described below (Hauppauge Office Park Associates, LLC 2014 Facility) and the leasing of the facility to Hauppauge Office Park Associates, LLC.

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

Voting Aye

Voting Nay
RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, RENOVATION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY TO BE LEASED TO HAUPPAUGE OFFICE PARK ASSOCIATES, LLC A NEW YORK LIMITED LIABILITY COMPANY AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 47 of the Laws of 1974 of the State of New York, as amended from time to time (collectively, the “Act”), the Town of Islip Industrial Development Agency (the “Agency”) was created with the authority and power among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, Hauppauge Office Park Associates, LLC, a New York limited liability company, on behalf of itself and/or the principals of Hauppauge Office Park Associates, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “Company”), has applied to the Town of Islip Industrial Development Agency (the “Agency”) to enter into a transaction in which the Agency will assist in the acquisition of approximately 25 acres of land located at 888 and 898 Veterans Highway, Hauppauge, Town of Islip, Suffolk County, New York (the “Land”), and the renovation and equipping of two buildings totaling approximately 220,000 square feet of space located thereon to make tenant fit-out improvements to provide incentives towards full occupancy by various lessees (collectively, the “Improvements”; and, together with the Land, the “Facility”), all to be leased by the Agency to the Company for further sublease by the Company to future tenants not yet determined (collectively, the “Sublessees”), including the following as they relate to the acquisition, renovation and equipping of such Facility, whether or not any materials or supplies described below are incorporated into or become an integral part of such Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with the acquisition, renovation and equipping of the Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with the acquisition, renovation and equipping of the Facility, and (iii) all purchases, leases, rentals and uses of equipment, machinery and other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under such Facility; and

WHEREAS, the Agency, pursuant to a certain Company Lease, dated as of February 1, 2014 or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency shall agree (the “Company Lease”), by and between the Company and the Agency; and

WHEREAS, the Agency will acquire a leasehold interest in the Facility and will lease the Facility to the Company pursuant to a certain Lease Agreement, dated as of February 1, 2014 or such other date as the Chairman or Executive Director of the Agency and counsel to
the Agency shall agree (the "Lease Agreement"), by and between the Agency and the Company; and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company consistent with the policies of the Agency, in the form of (i) exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $182,850 (as set forth in the Form of Sales Tax Letter set forth as Exhibit A hereof) and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit B hereof), consistent with the policies of the Agency; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, in order to define the Company’s obligations regarding payments-in-lieu-of taxes with respect to the Facility, the Agency and the Company will enter into a certain Payment-in-Lieu-of-Tax Agreement, dated as of February 1, 2014, or such date as may be determined by the Agency and counsel to the Agency (the "PILOT Agreement"), pursuant to which the Company will make payments in lieu of taxes on the Facility; and

WHEREAS, in connection with the leasing and the subleasing of the Facility, the Agency and the Company will enter into a certain Recapture Agreement, dated as of February 1, 2014 or such date as may be determined by the Agency and counsel to the Agency (the "Recapture Agreement"), between the Agency and the Company; and

WHEREAS, the Company has agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transaction contemplated by the leasing of the Facility by the Agency to the Company;

NOW, THEREFORE, BE IT RESOLVED by the Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. The Agency hereby finds and determines:

(a) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(b) The Facility constitutes a "project", as such term is defined in the Act; and

(c) The acquisition, renovation and equipping of the Facility the leasing of the Facility to the Company and the subleasing of the Facility by the Company to the Sublessees will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of Town of Islip, and the State of New York and improve their standard of living and thereby serve the public purposes of the Act; and
(d) The acquisition, renovation and equipping of the Facility is reasonably necessary to induce the Company to maintain and expand its business operations in the State of New York; and

(e) Based upon representations of the Company and counsel to the Company, the Facility conforms with the local zoning laws and planning regulations of the Town of Islip, Suffolk County, and all regional and local land use plans for the area in which the Facility is located; and

(f) The Facility and the operations conducted therein do not have a significant effect on the environment, as determined in accordance with Article 8 of the Environmental Conservation Law of the State of New York and the regulations promulgated thereunder; and

(g) It is desirable and in the public interest for the Agency to lease the Facility to the Company; and

(h) The Company Lease will be an effective instrument whereby the Company will lease the Facility to the Agency; and

(i) The Lease Agreement will be an effective instrument whereby the Agency will lease the Facility to the Company; and

(j) The PILOT Agreement will be an effective instrument whereby the Agency and the Company set forth the terms and conditions of their Agreement regarding the Company's payments in lieu of real property taxes; and

(k) The Recapture Agreement will be an effective instrument whereby the Agency and the Company agree to provide for the obligations of the Company under the Transaction Documents (as defined in the Lease Agreement) and describe the circumstances in which the Agency may recapture some or all of the benefits granted to the Company; and

(l) The Environmental Compliance and Indemnification Agreement, dated as of February 1, 2014 or such other date as may be determined by the Agency and counsel to the Agency (the “Environmental Compliance and Indemnification Agreement”), by and between the Agency and the Company will be an effective instrument whereby the Company agrees to comply with all Environmental Laws (as defined therein) applicable to the Facility and will indemnify and hold harmless the Agency for all liability under all such Environmental Laws.

Section 2. In consequence of the foregoing, the Agency hereby determines to: (i) lease the Facility to the Company pursuant to the Lease Agreement, (ii) execute and deliver the Company Lease; (iii) execute, deliver and perform the Lease Agreement, (iv) execute, deliver and perform the PILOT Agreement, (v) execute, deliver and perform the Recapture Agreement, and (vi) execute and deliver the Environmental Compliance and Indemnification Agreement.

Section 3. The Agency is hereby authorized to acquire the real property and personal property described in Exhibit A and Exhibit B, respectively, to the Lease Agreement.
and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 4. The Agency is hereby authorized to acquire the Facility and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 5. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company in connection with the acquisition, renovation and equipping of the Facility in the form of (i) exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $182,850 (as set forth in the Form of Sales Tax Letter set forth as Exhibit A hereof) and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit B hereof), consistent with the policies of the Agency.

Section 6. The Company hereby agrees to comply with Section 875 of the Act. The Company further agrees that the exemption of sales and use tax provided pursuant to the Act and the appointment of the Company as agent of the Agency pursuant to this Authorizing Resolution is subject to termination and recapture of benefits pursuant to Section 875 of the Act and the Recapture Agreement.

Section 7. The form and substance of the Company Lease, the Lease Agreement, the PILOT Agreement, the Recapture Agreement and the Environmental Compliance and Indemnification Agreement to which the Agency is a party (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redacted and renamed) are hereby approved.

Section 8.

(a) The Chairman, Vice Chairman, Executive Director or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Company Lease, the Lease Agreement, the PILOT Agreement, the Recapture Agreement, and the Environmental Compliance and Indemnification Agreement, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, Vice Chairman, Executive Director or any member of the Agency shall approve, and such other related documents as may be, in the judgment of the Chairman and counsel to the Agency, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the “Agency Documents”). The execution thereof by the Chairman, Vice Chairman, Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, Vice Chairman, Executive Director or any member of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).
Section 9. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute and deliver all such additional certificates, instruments and documents, pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 10. This resolution shall take effect immediately.
STATE OF NEW YORK 
COUNTY OF SUFFOLK 

I, the undersigned Secretary of the Town of Islip Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Town of Islip Industrial Development Agency (the "Agency"), including the resolutions contained therein, held on the 11th day of February, 2014, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

That the Agency Documents contained in this transcript of proceedings are each in substantially the form presented to the Agency and/or approved by said meeting.

I FURTHER CERTIFY that public notice of the time and place of said meeting was duly given to the public and the news media in accordance with the New York Open Meetings Law, constituting Chapter 511 of the Laws of 1976 of the State of New York, that all members of said Agency had due notice of said meeting and that the meeting was all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 11th day of February, 2014.

By: ________________________________
   Secretary
EXHIBIT A

(To be copied on Agency letterhead and delivered to the Company at time of Closing.)

______, 2014

Fred Colin, Manager
Hauppauge Office Park Associates, LLC
1520 Northern Boulevard
Manhasset, New York 11030

RE: Town of Islip Industrial Development Agency
(Hauppauge Office Park Associates, LLC 2014 Facility)

Dear Mr. Colin

Pursuant to resolutions duly adopted on December 10, 2013 and on February 11, 2014, the Town of Islip Industrial Development Agency (the “Agency”) appointed Hauppauge Office Park Associates, LLC, a New York limited liability company, on behalf of itself and/or the principals of Hauppauge Office Park Associates, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “Company”), the true and lawful agent of the Agency in connection with the Agency’s assistance in the acquisition of approximately 25 acres of land located at 888 and 898 Veterans Highway, Hauppauge, Town of Islip, Suffolk County, New York the “Land”), and the renovation and equipping of two buildings totaling approximately 220,000 square feet of space located thereon to make tenant fit-out improvements to provide incentives towards full occupancy by various lessees (collectively, the “Improvements”; and, together with the Land, the “Facility”), all to be leased by the Agency to the Company for further sublease by the Company to future tenants not yet determined (collectively, the “Sublessees”).

It is the intent of the Agency that this agency appointment include, from the effective date of such appointment, authority to purchase, lease and otherwise use on behalf of the Agency all materials, equipment, goods, services and supplies to be incorporated into and made an integral part of the Facility and also include the following activities as they relate to the acquisition, renovation and equipping of any buildings or improvements, whether or not any materials, equipment or supplies described below are incorporated into or become an integral part of such buildings or improvements: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with acquiring, renovating and equipping the Facility, (ii) all purchases, leases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with acquiring, renovating and equipping the Facility including all utility services, and (iii) all purchases, leases, rentals and uses of equipment, machinery and other tangible personal property (including installation costs with respect thereto), installed or placed in, upon or under the Facility.
This agency appointment includes the power to delegate such agency appointment, in whole or in part, to agents, subagents, contractors, subcontractors, materialmen, suppliers and vendors of the Company and to such other parties as the Company may choose so long as they are engaged, directly or indirectly, in the activities hereinbefore described.

This agency appointment expressly excludes the purchase by the Company of any motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets.

In exercising this agency appointment, the Company and its agents, subagents, contractors and subcontractors should give the supplier or vendor a copy of this letter to show that the Company and its agents, subagents, contractors and subcontractors are each acting as agent for the Agency. The supplier or vendor should identify the Facility as the “Town of Islip Industrial Development Agency/Hauppauge Office Park Associates, LLC Facility” on each bill or invoice and indicate thereon that the Company and its agents, subagents, contractors and subcontractors acted as agent for the Agency in making the purchase.

You and each of your agents, subagents, contractors and/or subcontractors claiming a sales tax exemption in connection with the Facility must execute a copy of the Contract in Lieu of Exemption Certificate attached hereto, and must complete a New York State Department of Taxation and Finance Form ST-60. Original copies of each Contract in Lieu of Exemption Certificate and completed Form ST-60 must be delivered to the Agency within five (5) days of the appointment of each of your agents, subagents, contractors or subcontractors. Any agent, subagent, contractor or subcontractor of the Company which delivers a completed Form ST-60 to the Agency will be deemed to be the agent, subagent, contractor or subcontractor of the Agency for purposes of acquiring, constructing and equipping the Facility. Failure to comply with these requirements may result in loss of sales tax exemptions for the Facility.

The aforesaid appointment of the Company as agent of the Agency to acquire, renovate and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, (b) [__________, 20__], or (c) the date on which the Company has received exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $182,850; provided however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company if such activities and improvements are not completed by such time, and further provided that the Agency shall not unreasonably withhold its consent to the extension of such appointment.
Hauppauge Office Park Associates, LLC
[________, 2014]
Page

You should be aware that the New York State General Municipal Law requires you to file an Annual Statement with the New York State Department of Taxation and Finance regarding the value of sales tax exemptions you, your agents, consultants or subcontractors have claimed pursuant to the authority we have conferred on you with respect to this project. The penalty for failure to file such statement is the removal of your authority to act as an agent.

(Remainder of Page Intentionally left Blank)
If, for some reason, this transaction never closes, you will be liable for payment of the sales tax, if applicable and you are not otherwise exempt.

Please sign and return a copy of this letter for our files.

Very truly yours,

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

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

ACCEPTED & AGREED:

HAUPPAUGE OFFICE PARK ASSOCIATES, LLC

By: ________________________________
Name: Fred Colin
Title: Manager
TO: All Contractors, Subcontractors,
Suppliers and Vendors, etc. of
Hauppauge Office Park Associates, LLC

Attached please find a “Contract in Lieu of Exemption Certificate” (the “Contract”) which will serve as documentation for not charging HAUPPAUGE OFFICE PARK ASSOCIATES, LLC (the “Company”), for sales or use tax in connection with any purchase, lease, rental and other use of materials, equipment, goods, services or supplies at the facility owned by the TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY (the “Agency”), and described in Addendum A to the aforesaid Contract (the “Facility”).

Also attached is a letter signed by the Agency appointing the Company as its agent for the purpose of acquiring, renovating and equipping the Facility. This letter authorizes the Company to delegate its authority as agent of the Agency to its respective agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company may authorize.

In accordance with the authority granted to the Company by the Agency, you are hereby appointed as agent of the Agency for the purpose of making purchases or leases of materials, equipment, goods, services and supplies to the Facility. Your appointment as agent of the Agency is contingent upon your executing the attached Form ST-60 and returning it to the Company and the Form ST-60 then being filed by the Agency with the New York State Department of Taxation and Finance.

Very truly yours,

HAUPPAUGE OFFICE PARK
ASSOCIATES, LLC

By: __________________________
Name: Fred Colin
Title: Manager

cc: Town of Islip Industrial Development Agency
CONTRACT IN LIEU OF EXEMPTION CERTIFICATE

This Contract is entered into by and between HAUPPAUGE OFFICE PARK ASSOCIATES, LLC (the "Company"), as agent for and on behalf of the TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation and a governmental agency of the State of New York, hereinafter called the "Agency" or the "Owner" of the facility described in Addendum A hereto (the "Facility"), and the contractor or the subcontractor more particularly described on page 2 hereof (hereinafter, the "Contractor").

Pursuant to the authority granted to the Company, as agent of the Agency, the Contractor is hereby appointed agent of said Agency for purposes of completing, executing or otherwise carrying out the obligations imposed under this Contract.

The Contractor acknowledges that the Agency holds title to or has a leasehold interest in the Facility and that said Agency is a public benefit corporation and governmental entity of the State of New York. By reason of such status, the Owner and its agents acting on its behalf are exempt from payment of all New York State and local sales and use taxes on the purchase or lease of all materials, equipment, goods, services and supplies incorporated into and made an integral component part of any structure, building or real property which becomes the property of the Owner, and all equipment, machinery and other tangible personal property (including installation costs with respect thereto) which becomes the property of the Owner. In addition, the Owner and its agents acting on its behalf are exempt from all sales and use taxes arising out of or connected with the following, as they relate to performance under this Contract: (i) purchases, leases, rentals and other uses of tools, machinery and equipment; and (ii) purchases, leases, rentals, uses or consumption of supplies, goods, materials and services of every kind and description; provided however, that exemption from sales and use taxes with respect to clauses (i) and (ii) above shall apply only if the Contractor is then acting as agent for the Owner under the terms of this Contract.

This agency appointment expressly excludes the purchase by the Company of any motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets.

Pursuant to these exemptions from sales and use taxes, the Contractor shall not include such taxes in its contract price, bid or reimbursable costs, as the case may be. If the Contractor does not comply with the requirements for sales and use tax exemptions, as described above, then it shall be responsible for and pay any and all applicable New York State sales and use taxes, and no portion thereof shall be charged or billed to the Owner or the Company directly or indirectly, the intent of this Contract being that neither the Owner nor the Company shall be liable for any of the sales or use taxes described above. This Contract may be accepted by the Contractor in lieu of an exemption certificate, and the Contractor shall retain a copy hereof to substantiate the sales and use tax exemption.

The aforesaid appointment of the Company as agent of the Agency to acquire, construct and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, (b) [_______, 20__], or (c) the date on which the Company
Hauppauge Office Park Associates, LLC
[_______, 2014]

Page

has received exemptions from sales and use taxes in connection with the purchase or lease of
equipment, building materials, services or other personal property in an amount not to exceed
$182,850; provided however, such appointment may be extended at the discretion of the
Agency, upon the written request of the Company if such activities and improvements are not
completed by such time, and further provided that the Agency shall not unreasonably
withhold its consent to the extension of such appointment.

The Owner shall have the right to assign this Contract to the Company by written
notice to the Contractor and without written consent of the Contractor, in which case the
Owner shall be relieved of all obligations hereunder. In the event of such assignment, all
applicable sales and use taxes shall be added to the purchase price and paid to the Contractor
pursuant to a change order. All of the above provisions with respect to exemptions for New
York State and local sales and use taxes shall apply to all subcontractors and other parties in
privity of contract with the Company, the Owner or the Contractor pursuant to the terms of
this Contract.

_________________________________________
Insert name of Contractor or
Subcontractor

By: __________________________
Name: _________________________
Title: _________________________
DATE: _________________________

Address of Contractor or
Subcontractor

______________________________________
______________________________________

cc: Town of Islip Industrial Development Agency

______________________________________

HAUPPAUGE OFFICE PARK
ASSOCIATES, LLC
as Agent for and on behalf of
the Town of Islip Industrial Development
Agency

By: __________________________
Name: Fred Colin
Title: Manager
DATE: _________________________
ADDENDUM A

DESCRIPTION OF THE FACILITY

The “Facility” consists of the acquisition of approximately 25 acres of land located at 888 and 898 Veterans Highway, Hauppauge, Town of Islip, Suffolk County, New York and the renovation and equipping of two buildings totaling approximately 220,000 square feet of space located thereon to make tenant fit-out improvements to provide incentives towards full occupancy all to be leased by the Town of Islip Industrial Development Agency to Hauppauge Office Park Associates, LLC for various lessees.
EXHIBIT D

Form of Proposed PILOT Benefits

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), Hauppauge School District, Suffolk County and Appropriate Special Districts

Definitions

\[ X = \; \$2,323,000. \]

\[ Y = \text{increase in assessment above } X \text{ resulting from the acquisition, renovation and equipping of the Facility.} \]

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 the PILOT Agreement)

Formula

\[
\begin{align*}
1 & : 100\% \text{ normal tax on } X \text{ and } 0\% \text{ normal tax on } Y \\
2 & : 100\% \text{ normal tax on } X \text{ and } 0\% \text{ normal tax on } Y \\
3 & : 100\% \text{ normal tax on } X \text{ and } 0\% \text{ normal tax on } Y \\
4 & : 100\% \text{ normal tax on } X \text{ and } 0\% \text{ normal tax on } Y \\
5 & : 100\% \text{ normal tax on } X \text{ and } 0\% \text{ normal tax on } Y \\
6 & : 100\% \text{ normal tax on } X \text{ and } 0\% \text{ normal tax on } Y \\
7 & : 100\% \text{ normal tax on } X \text{ and } 0\% \text{ normal tax on } Y \\
8 & : 100\% \text{ normal tax on } X \text{ and } 100\% \text{ normal tax on } Y \\
9 & : 100\% \text{ normal tax on } X \text{ and } 100\% \text{ normal tax on } Y \\
10 & : 100\% \text{ normal tax on } X \text{ and } 100\% \text{ normal tax on } Y \\
11 \text{ and thereafter} & : 100\% \text{ normal tax on } X \text{ and } 100\% \text{ normal tax on } Y 
\end{align*}
\]
At a meeting of the Town of Islip Industrial Development Agency (the "Agency"), held at Islip Town Hall, 655 Main Street, Islip, New York on the 11th day of February, 2014 the following members of the Agency were:

Present:

Absent:

Also Present:

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to acquisition of leasehold interest in a certain industrial development facility more particularly described below (30 Drexel Drive LLC/Hospitality Art, LLC 2014 Facility) and the leasing of the facility to 30 Drexel Drive LLC for further sublease to Hospitality Art, LLC 2014.

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

Voting Aye

Voting Nay
RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, RENOVATION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY TO BE LEASED TO 30 DREXEL DRIVE LLC, A NEW YORK LIMITED LIABILITY COMPANY AND TO BE SUBLIEASED TO HOSPITALITY ART, LLC, A NEW YORK LIMITED LIABILITY COMPANY AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 47 of the Laws of 1974 of the State of New York, as amended from time to time (collectively, the “Act”), the Town of Islip Industrial Development Agency (the “Agency”) was created with the authority and power among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, 30 Drexel Drive LLC, a New York limited liability company on behalf of itself and/or the principals of 30 Drexel Drive LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “Company”) and Hospitality Art, LLC, a New York limited liability company, on behalf of itself and/or the principals of Hospitality Art, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “Sublessee”), have applied to the Town of Islip Industrial Development Agency (the “Agency”) to enter into a transaction in which the Agency will assist in the acquisition of an approximately 1.55 acre parcel of land located at 30 Drexel Drive, Bayshore, Town of Islip, New York (the “Land”), and the renovation and equipping of an approximately 30,000 square foot building including, but not limited to, shelving and industrial paper cutters (the “Improvements” and “Equipment”; and, together with the Land, the “Facility”), all to be located on the Land, which Facility will be leased by the Agency to the Company, for further sublease by the Company to, and used by the Sublessee in the manufacture and assembly of picture frames, including the following as they relate to the acquisition, renovation and equipping of such Facility, whether or not any materials or supplies described below are incorporated into or become an integral part of such Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with the acquisition, renovation and equipping of the Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with the acquisition, renovation and equipping of the Facility, and (iii) all purchases, leases, rentals and uses of equipment, machinery and other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under such Facility; and

WHEREAS, the Agency will acquire a leasehold interest in the Facility pursuant to a certain Company Lease, dated as of February 1, 2014 or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency shall agree (the “Company Lease”), by and between the Company and the Agency; and
WHEREAS, and will lease the Facility to the Company pursuant to a certain Lease Agreement, dated as of February 1, 2014 or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency shall agree (the “Lease Agreement”), by and between the Agency and the Company; and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company and the Sublessee consistent with the policies of the Agency, in the form of (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be $1,550,000 but not to exceed $2,500,000 in connection with the financing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping of the Facility, (ii) exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $8,625.00 (as set forth in the Form of Sales Tax Letter set forth as Exhibit A hereof) and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit B hereof), consistent with the policies of the Agency; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, in order to define the Company and the Sublessee’s obligations regarding payments-in-lieu-of taxes with respect to the Facility, the Agency, the Company and the Sublessee will enter into a certain Payment-in-Lieu-of-Tax Agreement, dated as of February 1, 2014, or such date as may be determined by the Agency and counsel to the Agency (the “PILOT Agreement”), pursuant to which the Company and the Sublessee will make payments in lieu of taxes on the Facility; and

WHEREAS, in connection with the leasing and the subleasing of the Facility, the Agency, the Company and the Sublessee will enter into a certain Recapture Agreement, dated as of February 1, 2014 or such date as may be determined by the Agency and counsel to the Agency (the “Recapture Agreement”), among the Agency, the Company and the Sublessee; and

WHEREAS, as security for a loan or loans (as such term is defined in the Lease Agreement), the Agency and the Company will execute and deliver to a lender or lenders not yet determined (collectively, the “Lender”), a mortgage or mortgages, and such other loan documents satisfactory to the Agency, upon advice of counsel, in both form and substance, as may be reasonably required by the Lender, to be dated a date to be determined, in connection with the financing, any refinancing or permanent financing of the costs of the acquisition, renovation and equipping of the Facility (collectively, the “Loan Documents”); and

WHEREAS, the Company and the Sublessee have agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transaction contemplated by the leasing of the Facility by the Agency to the Company;
NOW, THEREFORE, BE IT RESOLVED by the Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. The Agency hereby finds and determines:

(a) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(b) The Facility constitutes a “project”, as such term is defined in the Act; and

(c) The acquisition, renovation and equipping of the Facility, the leasing of the Facility to the Company, and the subleasing of the Facility by the Company to the Sublessee will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of Town of Islip, and the State of New York and improve their standard of living and thereby serve the public purposes of the Act; and

(d) The acquisition, renovation and equipping of the Facility is reasonably necessary to induce the Company to maintain and expand its business operations in the State of New York; and

(e) Based upon representations of the Company and the Sublessee and counsel to the Company and the Sublessee, the Facility conforms with the local zoning laws and planning regulations of the Town of Islip, Suffolk County, and all regional and local land use plans for the area in which the Facility is located; and

(f) The Facility and the operations conducted therein do not have a significant effect on the environment, as determined in accordance with Article 8 of the Environmental Conservation Law of the State of New York and the regulations promulgated thereunder; and

(g) It is desirable and in the public interest for the Agency to lease the Facility to the Company; and

(h) The Company Lease will be an effective instrument whereby the Company will lease the Facility to the Agency and

(i) The Lease Agreement will be an effective instrument whereby the Agency leases the Facility to the Company; and

(j) The PILOT Agreement will be an effective instrument whereby the Agency, the Company and the Sublessee set forth the terms and conditions of their Agreement regarding the Company's and the Sublessee's payments in lieu of real property taxes; and

(k) The Recapture Agreement will be an effective instrument whereby the Agency, the Company and the Sublessee agree to provide for the obligations of the Company and the Sublessee under the Transaction Documents (as defined in the Lease Agreement) and describe the circumstances in which the Agency may recapture some or all of the benefits granted to the Company and the Sublessee; and
(l) The Environmental Compliance and Indemnification Agreement, dated as of February 1, 2014 or such other date as may be determined by the Agency and counsel to the Agency (the “Environmental Compliance and Indemnification Agreement”), by and among the Agency, the Company and the Sublessee will be an effective instrument whereby the Company and the Sublessee agree to comply with all Environmental Laws (as defined therein) applicable to the Facility and will indemnify and hold harmless the Agency for all liability under all such Environmental Laws; and

(m) The Agency Compliance Agreement, dated as of February 1, 2014 or such other date as may be determined by the Agency and counsel to the Agency (the “Agency Compliance Agreement”), between the Agency and the Sublessee will be an effective instrument whereby the Sublessee will provide certain assurances to the Agency with respect to the Facility; and

(n) The Loan Documents to which the Agency is a party will be effective instruments whereby the Agency and the Company agree to secure the Loan made to the Company by the Lender.

Section 2. In consequence of the foregoing, the Agency hereby determines to: (i) lease the Facility to the Company pursuant to the Lease Agreement, (ii) execute and deliver the Company Lease; (iii) execute, deliver and perform the Lease Agreement, (iv) execute, deliver and perform the PILOT Agreement, (v) execute, deliver and perform the Recapture Agreement, (vi) execute and deliver the Environmental Compliance and Indemnification Agreement, (vii) execute and deliver the Agency Compliance Agreement, (viii) grant a mortgage on and security interests in and to the Facility pursuant to the Loan Documents, and (ix) execute, deliver and perform the Loan Documents to which the Agency is a party.

Section 3. The Agency is hereby authorized to acquire the real property and personal property described in Exhibit A and Exhibit B, respectively, to the Lease Agreement and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 4. The Agency is hereby authorized to acquire the Facility and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed. The Agency is hereby further authorized to execute and deliver the Loan Documents in connection with the financing of the costs of acquiring, renovating and equipping the Facility and any future Loan Documents in connection with any future refinancing or permanent financing of such costs of acquiring, renovating and equipping of the Facility without the need for any further or future approvals of the Agency.

Section 5. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company and the Sublessee in connection with the acquisition, renovation and equipping of the Facility in the form of (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be
$1,550,000 but not to exceed $2,500,000 in connection with the financing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping of the Facility, (ii) exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $8,625.00 (as set forth in the Form of Sales Tax Letter set forth as Exhibit A hereof) and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit B hereof), consistent with the policies of the Agency.

Section 6. The Company and the Sublessee hereby agree to comply with Section 875 of the Act. The Company and the Sublessee further agree that the exemption of sales and use tax provided pursuant to the Act and the appointment of the Company and the Sublessee as agents of the Agency pursuant to this Authorizing Resolution is subject to termination and recapture of benefits pursuant to Section 875 of the Act and the Recapture Agreement.

Section 7. The form and substance of the Company Lease, the Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement, the Agency Compliance Agreement and the Loan Documents to which the Agency is a party (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redated and renamed) are hereby approved.

Section 8.

(a) The Chairman, Vice Chairman, Executive Director or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Company Lease, the Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement, the Agency Compliance Agreement and the Loan Documents to which the Agency is a party, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, Vice Chairman, Executive Director or any member of the Agency shall approve, and such other related documents as may be, in the judgment of the Chairman and counsel to the Agency, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the “Agency Documents”). The execution thereof by the Chairman, Vice Chairman, Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, Vice Chairman, Executive Director or any member of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

Section 9. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute and deliver all such additional certificates, instruments and documents, pay all such fees,
charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 10. This resolution shall take effect immediately.
STATE OF NEW YORK
COUNTY OF SUFFOLK

I, the undersigned Secretary of the Town of Islip Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Town of Islip Industrial Development Agency (the "Agency"), including the resolutions contained therein, held on the 11th day of February, 2014, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

That the Agency Documents contained in this transcript of proceedings are each in substantially the form presented to the Agency and/or approved by said meeting.

I FURTHER CERTIFY that public notice of the time and place of said meeting was duly given to the public and the news media in accordance with the New York Open Meetings Law, constituting Chapter 511 of the Laws of 1976 of the State of New York, that all members of said Agency had due notice of said meeting and that the meeting was all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 11th day of February, 2014.

By: ____________________________
Secretary