

**TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY
AGENDA ITEMS FOR NOVEMBER 21, 2017**

AGENDA ITEM # 1

**TYPE OF RESOLUTION: PLEASE CALL THE MEETING
OF THE TOWN OF ISLIP IDA TO ORDER**

COMPANY: N/A

PROJECT LOCATION: N/A

**JOBS (RETAINED/CREATED): RETAINED - -
CREATE - -**

INVESTMENT: N/A



MEETING OF THE TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY

November 21, 2017

Agenda

1. The Meeting of the Town of Islip Industrial Development Agency was **called 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 meeting on October 24, 2017.
3. To consider the adoption of an Inducement Resolution between the Town of Islip Industrial Development Agency and **Bancker Construction Corp./Beyer Islip Realty, Inc.** Located at 171 Freeman Ave, Islip.
4. To consider the adoption of an Inducement Resolution between the Town of Islip Industrial Development Agency and **Water Lilies Food, Inc.** Located at 1724 5th Avenue, Bay Shore.
5. To consider the adoption of a Resolution Authorizing the subleasing of a portion of the **Suffolk County Industrial, LLC 2016 Facility to Water Lilies Food, Inc** and the execution of a Tenant Agency Compliance Agreement in connection therewith. Located at 1724 5th Avenue, Bay Shore.
6. To consider the adoption of an Authorizing Resolution between the Town of Islip Industrial Development Agency and **Castella Imports, Inc.**
7. To consider the adoption of an Authorizing Resolution between the Town of Islip Industrial Development Agency and **BSL Great River, LLC.**
8. To consider the adoption of an Amended Authorizing Resolution between the Town of Islip Industrial Development Agency and **Galil Importing Corporation.**
9. To consider the adoption of an Amended Authorizing Resolution between the Town of Islip Industrial Development Agency and **75 Sunrise Highway, LLC.** To increase capital expenditures projections eligible for sales tax exemptions by \$2,000,000 to purchase equipment.
10. To consider the adoption of a Resolution Authorizing the subleasing of a portion of the **Hauppauge Office Park Associates, LLC 2014 Facility to La Bonne Vie Organization, LLC** and the execution of a Tenant Agency Compliance Agreement in connection therewith.
11. To consider **any other business** to come before the Agency.

**TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY
AGENDA ITEMS FOR NOVEMBER 21, 2017**

AGENDA ITEM # 2

TYPE OF RESOLUTION: TO APPROVE THE MEETING
MINUTES FROM THE OCTOBER 24, 2017 TOWN
BOARD MEETING

COMPANY: N/A

PROJECT LOCATION: N/A

JOBS (RETAINED/CREATED): RETAINED - -
CREATE - -

INVESTMENT: N/A



MEETING OF THE TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY

October 24, 2017

Meeting Minutes

1. The Meeting of the Town of Islip Industrial Development Agency was **called to order** on a motion by Councilman John Cochrane and seconded by Councilman Steve Flotteron.

Members Angie M. Carpenter, Councilwoman Mary Kate Mullen, Councilman John Cochrane, Councilman Steve Flotteron and Councilwoman Trish Bergin Weichbrodt were present and the Chairwoman acknowledged a quorum.

2. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to approve the **Minutes** from the meeting on September 12, 2107. On a motion by Councilwoman Mary Kate Mullen and seconded by Councilwoman Trish Bergin Weichbrodt, said motion was approved unanimously. 5-0.

3. To consider the adoption of an Inducement Resolution between the Town of Islip Industrial Development Agency and **BSL Great River, LLC (Benchmark Senior Living)**. On a motion by Councilman John Cochrane and seconded by Councilwoman Trish Bergin Weichbrodt, said motion was approved unanimously. 5-0.

4. To consider the adoption of an Inducement Resolution between the Town of Islip Industrial Development Agency and **Casella Imports, Inc.** On a motion by Chairwoman Angie Carpenter and seconded by Councilman Steve Flotteron, said motion was approved unanimously. 5-0.

5. To consider the adoption of an Authorizing Resolution between the Town of Islip Industrial Development Agency and **Terwilliger Bartone Properties, LLC (The Cornerstone at Hauppauge)**. On a motion by Councilman John Cochrane and seconded by Councilman Steve Flotteron, said motion was approved unanimously. 5-0.

6. To consider the adoption of an Authorizing Resolution between the Town of Islip Industrial Development Agency and **Galil Importing Corporation**. On a motion by Councilwoman Mary Kate Mullen and seconded by Councilwoman Trish Bergin Weichbrodt, said motion was approved unanimously. 5-0.

7. To consider the adoption of a Resolution Authorizing a mortgage financing for **N & G Realty Co. (Dealer Tire/Piping Rock)**. On a motion by Councilman John Cochrane and seconded by Councilwoman Trish Bergin Weichbrodt, said motion was approved unanimously. 5-0.

8. To consider the adoption of a Resolution Authorizing an assignment and assumption of the Agency's **Broadway West, L.P. 2002 Facility to Broadway West New York, LLC**. On a motion by Councilwoman Trish Bergin Weichbrodt and seconded by Councilwoman Mary Kate Mullen, said motion was approved unanimously. 5-0.

9. To consider the adoption of the Agency's proposed **2018 annual budget**. On a motion by Councilman John Cochrane and seconded by Councilman Steve Flotteron, said motion was approved unanimously. 5-0.

10. To consider any **other business** to come before the Agency. Meeting adjourned by Councilman John Cochrane and seconded by Councilwoman Trish Bergin Weichbrodt. 5-0.

TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY
AGENDA ITEMS FOR NOVEMBER 21, 2017

AGENDA ITEM # 3

TYPE OF RESOLUTION: INDUCEMENT RESOLUTION

**COMPANY: BANCKER CONSTRUCTION CORP/BEYER
ISLIP REALTY, INC.**

PROJECT LOCATION: 171 FREEMAN AVE, ISLIP

**JOBS (RETAINED/CREATED): RETAINED - 30 -
CREATE -15 -**

INVESTMENT: \$4,675,800.00

RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY TAKING OFFICIAL ACTION TOWARD APPOINTING BEYER ISLIP REALTY LLC, A NEW YORK LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF BEYER ISLIP REALTY LLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AND BANCKER CONSTRUCTION CORP., A NEW YORK BUSINESS CORPORATION ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF BANCKER CONSTRUCTION CORP. AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING, AS AGENT(S) OF THE AGENCY FOR THE PURPOSE OF ACQUIRING, RENOVATING AND EQUIPPING THE FACILITY AND MAKING CERTAIN FINDINGS AND DETERMINATIONS WITH RESPECT TO THE FACILITY

WHEREAS, Beyer Islip Realty LLC, a limited liability company organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Beyer Islip Realty LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the **"Company"**) and Bancker Construction Corp., a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Bancker Construction Corp. 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 (a) the acquisition of an approximately 3.0 acre parcel of land located at 171 Freeman Avenue, Islip, New York 11751 (the **"Land"**), the renovation of approximately 12,000 square feet of an existing approximately 25,350 square foot building located thereon (the **"Improvements"**), and the acquisition and installation therein of certain equipment and personal property, not part of the Equipment (as such term is defined herein) (the **"Facility Equipment"**); and, together with the Land and the Improvements, the **"Company Facility"**), which Company Facility is to be leased by the Agency to the Company and further subleased by the Company to the Sublessee; and (b) the acquisition and installation of certain equipment and personal property, including but not limited to a forklift, loader, tools and equipment to furnish a complete construction workshop, mechanical, electrical and plumbing facilities, information technology equipment, telecommunications equipment and full kitchen equipment (the **"Equipment"**); and together with the Company Facility, the **"Facility"**), which Equipment is to be leased by the Agency to the Sublessee and which Facility is to be used by the Sublessee as office, training, workshop and warehouse space in its business as a construction company (the **"Project"**); and

WHEREAS, the Agency will acquire a leasehold interest in the Land and the Improvements and title to the Facility Equipment and Equipment, will sublease and lease the Company Facility to the Company for further sublease to the Sublessee and will lease the Equipment to the Sublessee, all pursuant to 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 the same may be amended from time to time (collectively, the “Act”); and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company and the Sublessee in connection with the Facility, consistent with the policies of the Agency, in the form of exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes and abatement of real property taxes, consistent with the policies of the Agency, all to be more particularly described in a Final Authorizing Resolution to be adopted by the Agency prior to the closing of the transactions described herein; and

WHEREAS, as of the date of this resolution, no determination for financial assistance has been made; 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, prior to the date of the Hearing (defined below), the Agency will have made a determination for financial assistance; 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, while the Company and the Sublessee have represented to the Agency that the approval of the Facility will result in the closure of a plant located at 218 Blydenburgh Road, Islandia, New York and the Agency would otherwise be prohibited from granting benefits pursuant to the provisions of Section 862 of the Act; and

WHEREAS, based upon the representations of the Company and the Sublessee in the Application for financial assistance filed by the Company and the Sublessees with the Agency (the “**Application**”), the closure of the plant is reasonably necessary for the Company and the Sublessee to maintain their competitive position in their respective industries and therefore not subject to the prohibitions contained in Section 862 of the Act; 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 is either an inducement to the Company and the Sublessee to maintain the Facility in the Town of Islip or is necessary to maintain the competitive position of the Company and the Sublessee in their respective industries; and

WHEREAS, in accordance with Section 859-a(5)(d) of the Act, the Agency has notified the chief executive officers Village of Islandia, the Town of Islip and Suffolk County of the removal of the Company's and/or Sublessee's facility in Islandia, New York and its relocation within the Town of Islip, Suffolk County; 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 and the Sublessee.

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 and Sublessee have 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; and

WHEREAS, the Questionnaire has been reviewed 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 Company and the Sublessee and reviewed by the Agency and other representations and information furnished by the Company and the Sublessee regarding the Facility, the Agency determines that the action relating to the acquisition, renovation, equipping, and operation of the Facility is an "unlisted" action, as that term is defined in the SEQR Act. The Agency also determines that the action will not have a "significant effect" on the environment, and, therefore, an environmental impact statement will not be prepared. This determination constitutes a negative declaration for purposes of SEQR. Notice of this determination shall be filed to the extent required by the applicable regulations under SEQR or as may be deemed advisable by the Chairman or Executive Director of the Agency or counsel to the Agency.

Section 2. The acquisition, renovation and equipping of the Facility by the Agency, the subleasing and leasing of the Company Facility to the Company for further subleasing to the Sublessee, the leasing of the Equipment 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. Subject to the provisions of this resolution, the Agency shall (i) acquire, renovate and equip the Facility; (ii) lease and sublease the Company Facility to the Company; and (iii) lease the Equipment to the Sublessee.

Section 4. The Company and the Sublessee hereby agree to comply with Section 875 of the Act. The Company and the Sublessee further agree that the tax exemptions and abatements provided pursuant to the Act and the appointment of the Company and the Sublessee as agents of the Agency pursuant to this resolution are subject to termination and recapture of benefits pursuant to Sections 859-a and 875 of the Act and the recapture provisions of the Lease and Project Agreement, dated a date to be determined (the "**Lease Agreement**"), by and between the Company and the Agency, and the Agency Compliance Agreement, dated a date to be determined (the "**Agency Compliance Agreement**"), by and between the Sublessee and the Agency.

Section 5. 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 6. The Chairman, the Executive Director, the Deputy Executive Director 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 7. Any expenses incurred by the Agency with respect to the Facility, including the expenses of Transaction Counsel, shall be paid by the Company and the Sublessee. By acceptance hereof, the Company and the Sublessee agree to pay such expenses and further agree to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Facility.

Section 8. This resolution shall take effect immediately.

ADOPTED: November 21, 2017

ACCEPTED: _____ 2017

BEYER ISLIP REALTY LLC

By: _____
Name:
Title:

BANCKER CONSTRUCTION CORP.

By: _____
Name:
Title:

STATE OF NEW YORK)
 : SS.:
COUNTY OF SUFFOLK)

I, the undersigned Assistant 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 November 21, 2017, 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 Application is 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 November 21, 2017.

Assistant Secretary

TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY
AGENDA ITEMS FOR NOVEMBER 21, 2017

AGENDA ITEM # 4

TYPE OF RESOLUTION: INDUCEMENT RESOLUTION

COMPANY: WATER LILIES FOOD, INC.

PROJECT LOCATION: 1724 5TH AVENUE, BAY SHORE

**JOBS (RETAINED/CREATED): RETAINED - 165 -
CREATE - 015 -**

INVESTMENT: \$8,000,000.00

RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL
DEVELOPMENT AGENCY TAKING OFFICIAL ACTION
TOWARD APPOINTING WATER LILIES FOOD INC., A
BUSINESS CORPORATION, ON BEHALF OF ITSELF AND/OR
THE PRINCIPALS OF WATER LILIES FOOD INC. AND/OR
AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF
THE FOREGOING AS AGENT(S) OF THE AGENCY FOR THE
PURPOSE OF ACQUIRING, RENOVATING AND EQUIPPING
THE FACILITY AND MAKING CERTAIN FINDINGS AND
DETERMINATIONS WITH RESPECT TO THE FACILITY.

WHEREAS, Water Lilies Food Inc., a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Water Lilies Food Inc. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the **"Tenant"**), 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 a leasehold interest in a portion of the existing building located at 1724 Fifth Avenue, Bay Shore, New York 11706 (the **"Building"**), and the renovation and equipping thereof (the **"Equipment"**), to be used by the Tenant as a manufacturing and distribution facility in the Tenant's business as a manufacturer of gourmet Asian foods (the **"Demised Premises"**); and

WHEREAS, the Agency has previously acquired a leasehold interest in the Building from Suffolk County Industrial LLC, a New York limited liability company (the **"Owner"**), is subleasing the Building to the Owner pursuant to a certain Lease and Project Agreement, dated as of October 1, 2016 (the **"Lease Agreement"**), by and between the Agency and the Owner and will consent to the further subleasing of the Building to the Tenant; and

WHEREAS, the Agency will acquire title to the Equipment and will lease the Equipment to the Tenant, all pursuant to 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 the same may be amended from time to time (collectively, the **"Act"**); and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Equipment 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 Tenant in the form of exemptions from sales and use taxes, consistent with the policies of the Agency, all to be more particularly described in a Final Authorizing Resolution to be adopted by the Agency prior to the closing of the transactions described herein; and

WHEREAS, as of the date of this resolution, no determination for financial assistance has been made; and

WHEREAS, prior to the date of the Hearing (defined below), the Agency will have made a determination for financial assistance; 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 Demised Premises 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 Tenant has represented to the Agency that the approval of the Demised Premises will result in the closure of a plant located at 4510 19th Avenue, Astoria, Queens, New York, and the Agency would otherwise be prohibited from granting benefits pursuant to the provisions of Section 862 of the Act; and

WHEREAS, based upon the representations of the Tenant in the Application for financial assistance filed by the Tenant with the Agency (the “**Application**”), the closure of the plant is reasonably necessary to discourage the Tenant from removing such other plant to New Jersey and therefore not subject to the prohibitions contained in Section 862 of the Act; and

WHEREAS, in accordance with Section 859-a(5)(d) of the Act, the Agency has notified the chief executive officers of the City of New York and Queens County of the removal of the Tenant’s facility in Astoria, New York and its relocation to the Town of Islip; and

WHEREAS, the Agency has given due consideration to the application of the Tenant and to representations by the Tenant that the proposed financial assistance is either an inducement to the Tenant to maintain the Demised Premises in the Town of Islip or is necessary to maintain the competitive position of the Tenant in its industry; and

WHEREAS, the Tenant 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 renovation and equipping of the Demised Premises and the leasing of the Equipment by the Agency to the Tenant.

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

Section 1. The acquisition of the Equipment by the Agency, the renovation and equipping of the Demised Premised and the leasing of the Equipment to the Tenant by the Agency and the provision of financial assistance on the Facility 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 2. Subject to the provisions of this resolution, the Agency shall (i) acquire, install and equip the Equipment, and (ii) lease the Equipment to the Tenant.

Section 3. The Tenant hereby agrees to comply with Section 875 of the Act. The Tenant further agrees that the tax exemptions and abatements provided pursuant to the Act and the appointment of the Tenant as agent of the Agency pursuant to this resolution are subject to termination and recapture of benefits pursuant to Sections 859-a and 875 of the Act and the recapture provisions of the Equipment Lease Agreement, dated a date to be determined (the "**Equipment Lease Agreement**"), by and between the Tenant and the Agency.

Section 4. 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 transactions described in the foregoing resolution.

Section 5. The Chairman, the Executive Director, the Deputy executive Director and all members of the Agency are hereby authorized and directed (i) to distribute copies of this resolution to the Tenant, 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 6. Any expenses incurred by the Agency with respect to the Demised Premises, including the expenses of Transaction Counsel, shall be paid by the Tenant. By acceptance hereof, the Tenant agrees to pay such expenses and further agree to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Demised Premises.

Section 7. This resolution shall take effect immediately.

ADOPTED: November 21, 2017

ACCEPTED: _____, 2017

WATER LILIES FOOD INC.

By: _____
Name:
Title:

STATE OF NEW YORK)
 : SS.:
COUNTY OF SUFFOLK)

I, the undersigned Assistant 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 November 21, 2017, 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 Application is 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 November 21, 2017.

Assistant Secretary

TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY
AGENDA ITEMS FOR NOVEMBER 21, 2017

AGENDA ITEM # 5

TYPE OF RESOLUTION: RESOLUTION AUTHORIZING

COMPANY: SUFFOLK COUNTY INDUSTRIAL, LLC
2016 FACILITY TO WATER LILIES FOOD, INC

PROJECT LOCATION: 1724 5TH AVE, BAY SHORE

JOBS (RETAINED/CREATED): RETAINED - -
CREATE - -

INVESTMENT: N/A

Date: November 21, 2017

At a meeting of the Town of Islip Industrial Development Agency (the “Agency”) held on the 21st day of November, 2017, at Islip Town Hall, 655 Main Street, Islip, New York 11751, 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 the consent to the subleasing of the Suffolk County Industrial LLC 2016 Facility and approving the execution and delivery of related documents.

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 PERTAINING TO THE
CONSENT TO THE SUBLEASING OF THE SUFFOLK
COUNTY INDUSTRIAL LLC 2016 FACILITY AND
APPROVING THE FORM, SUBSTANCE, EXECUTION AND
DELIVERY 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 may be 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 Suffolk County Industrial, LLC, a limited liability company duly organized and validly existing under the laws of the State of New York (the “Company”) in the acquisition of an approximately 31.64 acre parcel of land located at 1724 Fifth Avenue, Bay Shore, New York 11706 (the “Land”), the renovation of an approximately 396,100 square foot portion of an existing approximately 461,000 square foot building located thereon (excluding the 64,900 square foot portion of the building, consisting of 50,650 square feet of depot space identified as the “Premises” on the site plan map attached to the Lease Agreement as Exhibit B (the “Depot Space”), and 14,250 square feet of garage space identified as “Existing Garage 1 Story Building” in Exhibit B (the “Garage Space”; and together with the Depot Space, the “Bimbo Premises”), occupied by Bimbo Bakeries USA, Inc. (“Bimbo”), as further described in the respective Lease Agreements, each dated as of October 27, 2016 (the “Depot Lease” and the “Garage Lease”; collectively, the “Bimbo Lease”), by and between the Company and Bimbo, which Bimbo Lease also gives Bimbo exclusive rights to use the loading areas, parking areas, access drives, associated trucking aprons, walkways, and other outside areas located on the Bimbo Premises), together with the acquisition and installation of improvements, structures and other related facilities attached to the Land (the “Improvements”), and the acquisition and installation therein of certain equipment and personal property (the “Equipment”; and, together with the Land and the Improvements, the “Facility”), which Facility will be leased by the Agency to the Company, and used by the Company as an industrial complex for further sublease by the Company to future tenants not yet determined (collectively, the “Sublessees”); and; and

WHEREAS, the Agency acquired a leasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of October 1, 2016 (the “Company Lease”), by and between the Company, as lessor, and the Agency, as lessee; and

WHEREAS, the Agency currently leases the Facility to the Company pursuant to a certain Lease and Project Agreement, dated as of October 1, 2016, (the “Lease Agreement”), by and between the Agency, as lessor, and the Company, as lessee; and

WHEREAS, the Company is negotiations to sublease a portion of the Facility of a square footage to be determined and described in the hereinafter defined Tenant Agency Compliance Agreement (the "**Demised Premises**"), to Water Lilies Food Inc., a New York business corporation, having an office at 4510 19th Avenue, Astoria, New York 11105 (the "**Tenant**"), pursuant to certain Agreement of Lease, dated a date to be determined (the "**Tenant Lease**"), by and between the Company and the Tenant, to be used as a manufacturing and distribution facility in the Tenant's business as a manufacturer of gourmet Asian foods; and

WHEREAS, the Tenant presently has approximately one-hundred sixty-five (165) full time employees and expects to increase the number to approximately one-hundred eighty (180) by the end of the second (2nd) year at the Demised Premises; and

WHEREAS, the Company has requested that the Agency consent to the subleasing of the Demised Premises to the Tenant; and

WHEREAS, the Facility may not be subleased, in whole or in part, without the prior written consent of the Agency; and

WHEREAS, such consent may be manifested by the execution and delivery of a Tenant Agency Compliance Agreement, dated a date to be determined, between the Agency and the Tenant (the "**Tenant Agency Compliance Agreement**"); 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 sublease of the Facility.

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 subleasing of the Demised Premises to the Tenant will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the 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

(c) The Agency consents to the sublease of the Demised Premises to the Tenant; and

(d) The execution of the Tenant Agency Compliance Agreement will satisfy the requirement of Section 9.3 of the Lease Agreement that any sublease of the Facility be consented to in writing by the Agency; and

(e) It is desirable and in the public interest for the Agency to consent to the sublease of the Facility and to enter into the Tenant Agency Compliance Agreement.

Section 2. In consequence of the foregoing, the Agency hereby determines to enter into the Tenant Agency Compliance Agreement.

Section 3. The form and substance of the Tenant Agency Compliance Agreement (in substantially the form presented to the Agency and which, prior to the execution and delivery thereof, may be redated) is hereby approved.

Section 4.

(f) The Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Tenant Agency Compliance Agreement in the form the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member of the Agency shall approve, and such other related documents as may be, in the judgment of the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member and Agency Counsel, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the "**Agency Documents**"). The execution thereof by Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

(g) The Chairman, Vice Chairman, Executive Director, Deputy 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 5. 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 6. 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 21st day of November, 2017, 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 21st day of
November, 2017.

By _____
Assistant Secretary

TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY
AGENDA ITEMS FOR NOVEMBER 21, 2017

AGENDA ITEM # 6

TYPE OF RESOLUTION: AUTHORIZING RESOLUTION

COMPANY: CASTELLA IMPORTS, INC.

**PROJECT LOCATION: 120 WILSHIRE AVE,
EDGEWOOD**

**JOBS (RETAINED/CREATED): RETAINED - 274 -
CREATE - 020 -**

INVESTMENT: \$2,480,000.00

Date: November 21, 2017

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 21st day of November, 2017 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 certain industrial development facility more particularly described below (Castella Imports, Inc. 2017 Facility) and the leasing of the facility to Castella Imports, 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, RENOVATION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE APPOINTMENT OF CASTELLA IMPORTS, INC., A NEW YORK BUSINESS CORPORATION, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF CASTELLA IMPORTS, INC. AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AS AGENT OF THE AGENCY FOR THE PURPOSE OF ACQUIRING, RENOVATING AND EQUIPPING AN INDUSTRIAL DEVELOPMENT FACILITY 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, 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, Castella Imports, Inc., a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Castella Imports, Inc. 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 a leasehold interest in an approximately 10.16 acre parcel of land located at 120 Wilshire Avenue, Edgewood, New York (the “**Land**”), the renovation of an approximately 150,000 square foot building located thereon (the “**Improvements**”), and the acquisition and installation therein of certain equipment and personal property (the “**Equipment**”; and together with the Land and the Improvements, the “**Facility**”), which Facility will be leased by the Agency to the Company, and used by the Company as a warehouse, importing, packaging and distribution center and related office space in its business as a manufacturer and importer of specialty products for the gourmet food industry (the “**Project**”); and

WHEREAS, the Agency, by resolution duly adopted on October 24, 2017 (the “**Inducement Resolution**”), decided to proceed under the provisions of the Act; and

WHEREAS, the Land and the Improvements will be ground-leased by Wilshire Rental Properties LLC, a New York limited liability company (the “**Owner**”), to the

Company pursuant to a lease agreement, dated a date to be determined (the “**Ground Lease**”), by and between the Owner and the Company; and

WHEREAS, the Agency will acquire a subleasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Executive Director or the Deputy 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 title to the Equipment pursuant to a certain Bill of Sale, dated the Closing Date (as defined in the hereinafter defined Lease Agreement) (the “**Bill of Sale**”), from the Company to the Agency; and

WHEREAS, the Agency will sub-sublease and lease the Facility to the Company pursuant to a certain Lease and Project Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Executive Director or the Deputy 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, in the form of (i) exemptions from sales and use taxes in an amount not to exceed \$289,800, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (ii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit A hereof), all consistent with the policies of the Agency; and

WHEREAS, the requested financial assistance with respect to the abatement of real property taxes deviates from the Agency’s Uniform Tax Exemption Policy (the “**Policy**”) originally adopted in or around December, 1993, as previously amended, because the abatement of real property taxes granted pursuant to the proposed Lease Agreement will be for a term of up to twelve (12) years; and

WHEREAS, the Agency proposes to deviate from the Policy because the Project is considered extremely significant and vital to the economic health and well-being of the Town of Islip (the “**Town**”) and will provide an incentive for the Company to remain in the Town; and

WHEREAS, the Company has represented to the Agency that the approval of the Facility will result in the closure of a plant located at 50 Commerce Drive, Hauppauge, New York, a plant at 100 Adams Avenue, Hauppauge, New York, a plant at 2711 Sound Avenue, Calverton, New York 11933 and a plant located at 91 N. Industry Court, Deer Park, New York and the Agency would otherwise be prohibited from granting benefits pursuant to the provisions of Section 862 of the Act; and

WHEREAS, based upon the representations of the Company in the Application for financial assistance filed by the Company with the Agency (the “**Application**”), the closure of the plants is reasonably necessary to discourage the Company from removing such other

plants to New Jersey, Illinois and/or Texas and therefore not subject to the prohibitions contained in Section 862 of the Act; and

WHEREAS, in accordance with Section 859-a(5)(d) of the Act, the Agency has notified the chief executive officers of (i) the Town of Islip and Suffolk County of the removal of the Company's facilities in Hauppauge, New York and their relocation within the Town of Islip; (ii) the Town of Riverhead and Suffolk County of the removal of the Company's facility in Calverton, New York and its relocation to the Town of Islip; and (iii) the Town of Deer Park and Orange County of the removal of the Company's facility in Deer Park, New York and its relocation to the Town of Islip; and

WHEREAS, the Agency has given due consideration to the application of the Company and to representations by the Company that the proposed financial assistance is either an inducement to the Company to maintain the Facility in the Town of Islip or is necessary to maintain the competitive position of the Company in its industry; 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 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.

(d) The acquisition, renovation and equipping of the Facility by the Agency is reasonably necessary to induce the Company to maintain and expand its business operations in the Town of Islip.

(e) On November 14, 2017, the Agency provided notice to the affected taxing jurisdictions that the proposed Project would constitute a deviation from the Policy (the "**Deviation Letter**").

(f) 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 and all regional and local land use plans for the area in which the Facility is located.

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

(h) The Company Lease will be an effective instrument whereby the Agency subleases the Land and the Improvements from the Company; and

(i) The Lease Agreement will be an effective instrument whereby the Agency leases and sub-leases the Facility to the Company, the Agency and the Company set forth the terms and conditions of their agreement regarding payments-in-lieu of taxes, the Company agrees to comply with all Environmental Laws (as defined therein) applicable to the Facility and will describe the circumstances in which the Agency may recapture some or all of the benefits granted to the Company.

Section 2. The Agency has assessed all material information included in connection with the Company's application for financial assistance, including but not limited to, the cost-benefit analysis prepared by the Agency and such information has provided the Agency a reasonable basis for its decision to provide the financial assistance described herein to the Company.

Section 3. In consequence of the foregoing, the Agency hereby determines to: (i) sublease the Land and the Improvements from the Company pursuant to the Company Lease, (ii) execute, deliver and perform the Company Lease, (iii) sub-lease and lease the Facility to the Company pursuant to the Lease Agreement, and (iv) execute, deliver and perform the Lease Agreement.

Section 4. 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 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 an amount not to exceed \$289,800, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (ii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit A hereof), all consistent with the policies of the Agency.

Section 6. Subject to the provisions of this resolution, the Company is herewith and hereby appointed the agent of the Agency to acquire, renovate and equip the Facility. The Company is hereby empowered to delegate its status as agent of the Agency to its agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company may choose in order to acquire, renovate and equip the Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of the Company as agent 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, as agent 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 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 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, as agent of the Agency. 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) a date which the Agency designates, or (c) the date on which the Company has received exemptions from sales and use taxes in an amount not to exceed \$289,800 in connection with the purchase or lease of equipment, building materials, services or other personal property; 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. The aforesaid appointment of the Company is subject to the completion of the transaction and the execution of the documents contemplated by this resolution.

Section 7. The Company hereby agrees to comply with Section 875 of the Act. The Company further agrees that the tax exemptions and abatements provided pursuant to the Act and the appointment of the Company as agent of the Agency pursuant to this Authorizing Resolution are subject to termination and recapture of benefits pursuant to Sections 859-a and 875 of the Act and the recapture provisions of the Lease Agreement.

Section 8. The form and substance of the Company Lease and the Lease Agreement (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 9. The Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Company Lease and the Lease Agreement, each in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, Vice Chairman, Executive Director, Deputy 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, Deputy Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

Section 10. The Chairman, Vice Chairman, Executive Director, Deputy 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 11. 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 12. This resolution shall take effect immediately.

STATE OF NEW YORK)
 : SS.:
COUNTY OF SUFFOLK)

I, the undersigned Assistant 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 21st day of November, 2017, 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 21st day of November, 2017.

By: _____
Assistant Secretary

EXHIBIT A

Proposed PILOT Benefits

Address: 120 Wilshire Boulevard, Edgewood, New York 11717

Tax Map No.: 0500-112.00-03.00-001.002

Formula for Payments-In-Lieu-of-Taxes: Town of Islip, (including any existing incorporated village and any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located), Brentwood School District, Suffolk County and Appropriate Special Districts

Definitions

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.

<u>Tax Year</u>	<u>Formula</u>
1	100% Normal Tax Due on the taxable assessed value of \$448,000
2	100% Normal Tax Due on the taxable assessed value of \$504,000
3	100% Normal Tax Due on the taxable assessed value of \$560,000
4	100% Normal Tax Due on the taxable assessed value of \$616,000
5	100% Normal Tax Due on the taxable assessed value of \$672,000
6	100% Normal Tax Due on the taxable assessed value of \$728,000
7	100% Normal Tax Due on the taxable assessed value of \$784,000
8	100% Normal Tax Due on the taxable assessed value of \$840,000
9	100% Normal Tax Due on the taxable assessed value of \$896,000
10	100% Normal Tax Due on the taxable assessed value of \$952,000
11	100% Normal Tax Due on the taxable assessed value of \$1,008,000
12	100% Normal Tax Due on the taxable assessed value of \$1,064,000
13 & thereafter	100% Normal Tax Due on the full assessed value

TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY
AGENDA ITEMS FOR NOVEMBER 21, 2017

AGENDA ITEM # 7

TYPE OF RESOLUTION: AUTHORIZING RESOLUTION

COMPANY: BSL GREAT RIVER, LLC

PROJECT LOCATION: 0 SYCAMORE AVE, BOHEMIA

JOBS (RETAINED/CREATED): RETAINED - 00 -
CREATE - 44 -

INVESTMENT: \$41,693,950.00

Date: November 21, 2017

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 21st day of November, 2017 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 title to a certain industrial development facility more particularly described below (BSL Great River LLC 2017 Facility) and the leasing of the facility to BSL Great River 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, CONSTRUCTION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE APPOINTMENT OF BSL GREAT RIVER LLC, A LIMITED LIABILITY COMPANY ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF BSL GREAT RIVER LLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AS AGENT OF THE AGENCY FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING AND EQUIPPING AN INDUSTRIAL DEVELOPMENT FACILITY 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, 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, BSL Great River LLC, a limited liability company organized and existing under the laws of the State of Delaware, on behalf of itself and/or the principals of BSL Great River 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 an approximately 3.00 acre parcel of land (Tax Map #0500-211.10-01.00-002.000) located at Lot 2 Great River Planned Development District I, in the unincorporated Village of Great River, Town of Islip, Suffolk County, New York (the "**Land**"), the construction of an approximately 76,500 square foot building thereon (the "**Improvements**"), and the acquisition and installation therein of certain equipment and personal property (the "**Equipment**"; and, together with the Land and the Improvements, the "**Facility**"), which Facility is to be leased by the Agency to the Company and is to be used by the Company as an 89-unit (approximately 14 of which will be designated for memory care units) assisted living facility (the "**Project**"); and

WHEREAS, the Agency, by resolution duly adopted on October 24, 2017 (the "**Inducement Resolution**"), decided to proceed under the provisions of the Act; and

WHEREAS, the Agency will acquire a leasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of November 1, 2017 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 title to the Equipment pursuant to a certain Bill of Sale, dated the Closing Date (as defined in the hereinafter defined Lease Agreement) (the "**Bill of Sale**"), from the Company to the Agency; and

WHEREAS, the Agency will sublease and lease the Facility to the Company pursuant to a certain Lease and Project Agreement, dated as of November 1, 2017 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 \$27,102,000 but not to exceed \$30,000,000 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 the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$710,000, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit A hereof); 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 Agency has given due consideration to the application of the Company and to representations by the Company that the proposed transaction is necessary to maintain the competitive position of the Company in its industry; and

WHEREAS, the Agency has required the Company to provide to the Agency a feasibility report (the "**Feasibility Study**"), together with such letters or reports from interested parties and governmental agencies or officials (the "**Letters of Support**"; and together with the Feasibility Study, the "**Requisite Materials**") to enable the Agency to make findings and determinations that the Facility qualifies as a "project" under the Act and that the Facility satisfies all other requirements of the Act, and such Requisite Materials are listed below and attached as Exhibit B hereof:

1. Level 1 Market Qualification - development of a senior living community, dated June 9, 2017 by Senior Housing Analytics;
2. International Brotherhood of Electrical Workers Nassau-Suffolk Counties Letter, dated October 20, 2017;

3. New York Law Journal Article, dated March 22, 2017 on Eligibility of Residential Developments for IDA Benefits by Anthony Guardino, Esq.; and
4. Ryan et al. v. Town of Hempstead Industrial Development Agency et al.; and

WHEREAS, the Agency's Uniform Tax Exemption Policy ("UTEP"), which such UTEP is annexed hereto as Exhibit C, provides for the granting of financial assistance by the Agency for housing projects pursuant to Section I.A.4.; 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. In connection with the acquisition, construction and equipping of the Facility the Agency hereby makes the following determinations and findings based upon the Agency's review of the information provided by the Company with respect to the Facility, including, the Company's Application, the Requisite Materials and other public information:

(a) There is a lack of affordable, safe, clean and modern senior housing in the Town of Islip;

(b) Such lack of senior housing has resulted in individuals leaving the Town of Islip and therefore adversely affecting employers, businesses, retailers, banks, financial institutions, insurance companies, health and legal services providers and other merchants in the Town of Islip and otherwise adversely impacting the economic health and well-being of the residents of the Town of Islip, employers, and the tax base of the Town of Islip;

(c) The Facility, by providing such senior housing will enable persons to remain in the Town of Islip and thereby to support the businesses, retailers, banks, and other financial institutions, insurance companies, health care and legal services providers and other merchants in the Town of Islip which will increase the economic health and well-being of the residents of the Town of Islip, help preserve and increase permanent private sector jobs in furtherance of the Agency's public purposes as set forth in the Act, and therefore the Agency finds and determines that the Facility is a commercial project within the meaning of Section 854(4) of the Act;

(d) The Facility will provide services, i.e., senior housing, which but for the Facility, would not otherwise be reasonably accessible to the residents of the Town of Islip.

Section 2. 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 and the leasing and subleasing of the Facility to the Company 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 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 sublease the Land and the Improvements and to lease the Equipment to the Company; and
- (h) The Company Lease will be an effective instrument whereby the Agency leases the Land and the Improvements from the Company; and
- (i) The Lease Agreement will be an effective instrument whereby the Agency leases and subleases the Facility to the Company, the Agency and the Company set forth the terms and conditions of their agreement regarding payments-in-lieu of taxes, the Company agrees to comply with all Environmental Laws (as defined therein) applicable to the Facility and will describe the circumstances in which the Agreement may recapture some or all of the benefits granted to the Company; and
- (j) 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 3. The Agency has assessed all material information included in connection with the Company's application for financial assistance, including but not limited to, the cost-benefit analysis prepared by the Agency and such information has provided the Agency a reasonable basis for its decision to provide the financial assistance described herein to the Company.

Section 4. In consequence of the foregoing, the Agency hereby determines to:
(i) lease the Land and the Improvements from the Company pursuant to the Company Lease,
(ii) execute, deliver and perform the Company Lease, (iii) sublease and lease the Facility to the Company pursuant to the Lease Agreement, (iv) execute, deliver and perform the Lease

Agreement, (v) grant a mortgage on and security interests in and to the Facility pursuant to the Loan Documents, and (vi) execute and deliver the Loan Documents to which the Agency is a party.

Section 5. 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 6. 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 7. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company 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 \$27,102,000 but not to exceed \$30,000,000 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 the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$710,000, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit A hereof), consistent with the policies of the Agency.

Section 8. Subject to the provisions of this resolution, the Company is herewith and hereby appointed the agent of the Agency to acquire, renovate, construct and equip the Facility. The Company is hereby empowered to delegate its status as agent of the Agency to its agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company may choose in order to acquire, renovate, construct and equip the Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of the Company as agent 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, as agent 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 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 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, as agent of the Agency. The aforesaid appointment of the Company as agent of the Agency to acquire, renovate, construct and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, (b) a date which the Agency designates, or (c) the date on which the

Company has received exemptions from sales and use taxes in an amount not to exceed \$710,000 in connection with the purchase or lease of equipment, building materials, services or other personal property; 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. The aforesaid appointment of the Company is subject to the execution of the documents contemplated by this resolution.

Section 9. The Company hereby agrees to comply with Section 875 of the Act. The Company further agrees that the tax exemptions and abatements provided pursuant to the Act and the appointment of the Company as agent of the Agency pursuant to this Authorizing Resolution are subject to termination and recapture of benefits pursuant to Sections 859-a and 875 of the Act and the recapture provisions of the Lease Agreement.

Section 10. The form and substance of the Company Lease, the Lease 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 11.

(a) The Chairman, Vice Chairman, Executive Director, Deputy 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 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, Deputy 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, Deputy Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, Executive Director, Deputy 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 12. 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 13. 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 21st day of November, 2017, 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 21st day of
November, 2017.

By: _____
Assistant Secretary

EXHIBIT A

Proposed PILOT Benefits

Schedule for Payments-In-Lieu-of-Taxes: 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), East Islip School District, Suffolk County and Appropriate Special Districts

Property Address: Lot 2 Great River Planned Development District (no address to date)
unincorporated Village of Great River, Town of Islip,
Suffolk County, New York

Tax Map No. District 500 Section 211 Block 1 Lot 2

Definitions

X = \$42,000 (current FV)

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

Year

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

Company to pay X during construction period. PILOT to commence in tax year following company receipt of C of O

EXHIBIT B

Requisite Materials

- Exhibit B-1 Level 1 Market Qualification - development of a senior living community, dated June 9, 2017 by Senior Housing Analytics;
- Exhibit B-2 International Brotherhood of Electrical Workers Nassau-Suffolk Counties Letter, dated October 20, 2017;
- Exhibit B-3 New York Law Journal Article, dated March 22, 2017 on Eligibility of Residential Developments for IDA Benefits by Anthony Guardino, Esq.; and
- Exhibit B-4 Ryan et al. v. Town of Hempstead Industrial Development Agency et al.

Level 1 Market Qualification - development of a senior living community, dated June 9, 2017 by Senior Housing Analytics

Level 1 Market Qualification

Development of a senior living community Westbrook Village, East Islip NY

Benchmark Senior Living

June 9, 2017



BACKGROUND

Benchmark Senior Living retained Senior Housing Analytics (SHA) to conduct its Level 1 market qualification for a project within Westbrook Village in East Islip NY. A community with 75 assisted living units (AL) and 14 memory care units (MC) was tested.

The SHA Level 1 analysis includes a review of the demand, supply and performance for the market area. It covers general market facts, analyzes key feasibility indicators for the project and includes aerial photographs, demographic maps and data tables. SHA did not conduct a competitive survey nor visit the site. The SHA Level 1 analysis effectively serves as an initial market qualification for senior housing development. A more in-depth analysis including field competitive research is recommended prior to any major investment decision.

CONCLUSION

The market feasibility indicators for the Westbrook Village project are solidly favorable:

- Site has mid-range demand, average to high affluence, mid-range projected growth and easy access.
- Majority of supply within five miles is in a large converted hotel: The Arbors at Islandia (350 AL/35 MC). The newest property, The Bristol at Sayville (83 AL/51 MC), opened 4 miles away in 2014.
- No planned supply reported within 5 miles but one approved project is expected to start construction this fall 5.5 miles away (Brightview Sayville – 100 AL/38 MC).
- Among nearby competitors, AL and MC occupancy has been historically strong (92% and 94%, respectively) despite a new community opening in 3Q14. Nearby AL and MC rents have reportedly been increasing (4.5% and 2.6% CAGRs, respectively) and were last reported at a 3% premium and a 7% discount, respectively, to MSA averages.
- Acceptable penetration scores vs. Primary Markets but comparatively low scores vs. MSA peers – particularly for AL. (However, over half the AL supply is in a converted former hotel).

RECOMMENDATION

Monitor the opening of Brightview Sayville for rent levels and keep an eye out for other planned supply.

SUMMARY OF FINDINGS

Metro market (pp. 6-12): Occupancy among Suffolk County's stabilized Majority AL communities is strong and has been consistently above MSA and national averages. Suffolk County's reported rent growth spiked to 7%-8% in mid 2015-2016 but has since moderated to a still-healthy 3%. Construction within the New York MSA has been steady since 2013. Large supply additions since mid-2015 have been absorbed by the market and occupancy remains over 90%.

Site (pp. 13-18): The site is part of the Westbrook Village master plan community in Islip (population 334,000), 42 miles east of New York City. The southern portion of the 5 mile ring incorporates the Great South Bay while the Connetquot River State Park encompasses 3,500 acres just northeast of the site. The site is one-quarter mile northeast of the Great River stop on the Long Island Railroad. Site will have good visibility and access from its Westbrook Village location which is in close proximity to NY-27 to the southeast and from Connetquot Avenue and Sunrise Highway to the northwest. Local retail near site is limited to a small strip center less than a quarter mile west of site. 2.6 miles northwest is the Central Islip Town Center while Westfield South Shore mall is 4 miles west.

Demand (pp. 19-26):

- A fifteen minute drive zone extends well beyond five miles. Tracts falling within five miles are a reasonable approximation of the primary market area (PMA).
- Demand density in the PMA is broadly mid-range. Incomes and home values are high vs. national peers and mid-range vs. the MSA. Projected growth is also mid-range except for seniors vs. national peers which is comparatively low. Within the five mile ring, 25% of the population is Hispanic and is concentrated in the northwest quadrant.

Continued on next page

SUMMARY OF FINDINGS

Supply & penetration (pp. 27-33):

- Four communities are within five miles with 610 AL and 108 MC, the closest of which is 3.5 miles away. However, over half the AL supply is at The Arbors at Islandia (350 AL, 35 MC), a former hotel 4.8 miles from the site that was converted to assisted living in 2007. The newest property, The Bristol at Sayville (83 AL, 51 MC), opened 4.1 miles from the site in 2014.
- According to SHA calls and NIC MAP's Dodge data, no active planned supply was reported within 5 miles. However, 5.5 miles away, one approved project (Brightview Sayville – 100 AL, 38 MC) is expected to start construction this fall. A second unnamed project in Hauppauge 5.5 miles northwest with 130 AL/MC units is in the early stages of application review.
- Current supply and penetration levels are mid-range to favorable. After the addition of Benchmark units, resulting penetration remains at acceptable to favorable levels vs. national peers but drops to comparatively low scores vs. MSA peers – particularly for AL. (However, over half the AL supply is in a converted former hotel).
- If approved Brightview of Sayville project 5.5 miles from site is included within 5 mile planned supply, resulting AL penetration scores drop to comparatively low levels, especially vs. the MSA. MC penetration remains at acceptable levels vs. national peers but becomes unfavorable vs. MSA peers.

Continued on next page

SUMMARY OF FINDINGS

Local competitive performance and positioning (pp. 34-45): Using an industry database (NIC MAP Local), SHA evaluated performance for majority AL comps within 7 miles.

- Among nearby competitors, AL occupancy has remained between 92% and 95% for last 3 years despite 83 AL units opening in 3Q14 and was last reported at 92%, consistent with MSA average. Reported nearby AL rents have been increasing (4.5% CAGR) and were last reported at a 3% premium to MSA average.
- Among nearby competitors, MC occupancy has remained above 91% since 1Q15 even with the opening of 51 MC in 3Q14 and was last reported at 94%, above the MSA average of 91%. Local MC rents have reportedly increased at a 2.6% CAGR but remain at a 7% discount to MSA rents.

The New York MSA has high prosperity, wages, wage growth, and employment. GDP per capita is above-average and total population growth is average.

LONG-TERM TRENDS

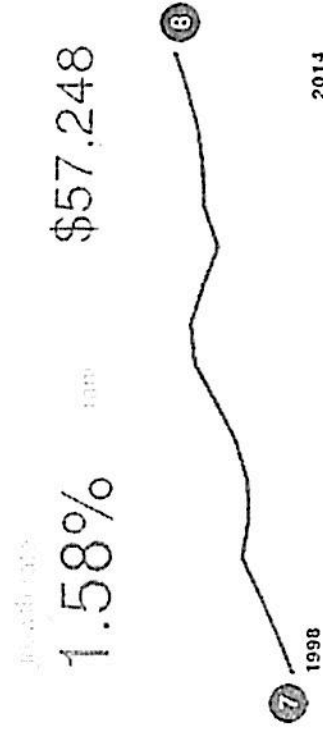
Ranks are by percentile from 1-100 among all 917 U.S. metropolitan and micropolitan statistical areas:

● 1-20 (first quintile) 21-40 (second quintile) 41-60 (third quintile) 61-80 (fourth quintile) 81-100 (fifth quintile)

Source: U.S. Cluster Mapping (<http://clustermapping.us>), Institute for Strategy and Competitiveness, Harvard Business School.

Prosperity

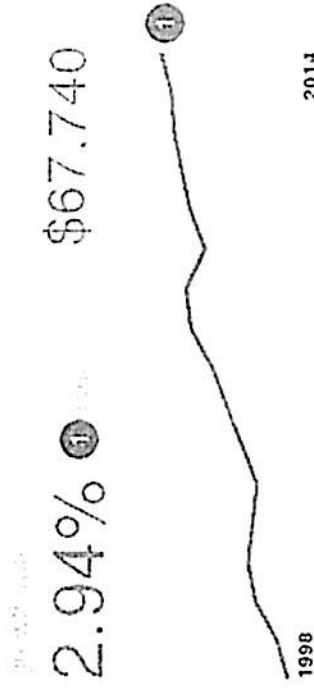
New York, NY Metropolitan Area
GDP Per Capita, 2005 real dollars 1998-2014



\$57.248

Annual Wage

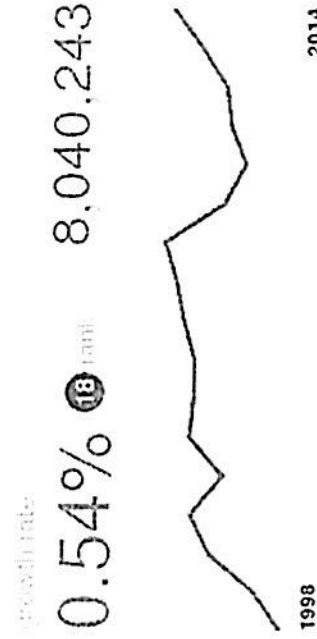
New York, NY Metropolitan Area
Average Private Wage 1998-2014



\$67.740

Employment

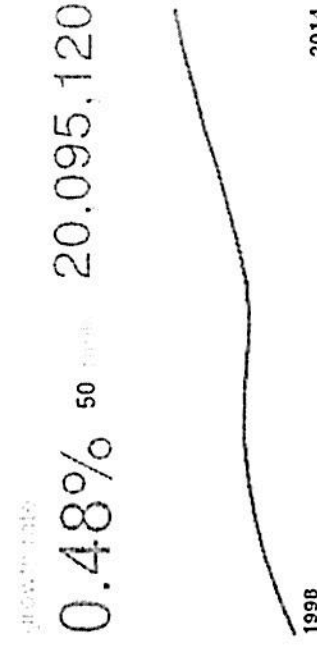
New York, NY Metropolitan Area
Private, Non-Agricultural Employment: 1998-2014



8,040,243

Total Population Growth

New York, NY Metropolitan Area
1998-2014



20,095,120

Source:

CLUSTER
MAPPING

RECENT OUTLOOK

Précis Metro: New York-Jersey City-White Plains, NY-NJ Economic Outlook

MOODY'S
ANALYTICS

New York-Jersey City-White Plains, NY-NJ

EMPLOYMENT
GROWTH
RANK

279
4th quintile

RELATIVE COSTS

LIVING
161%

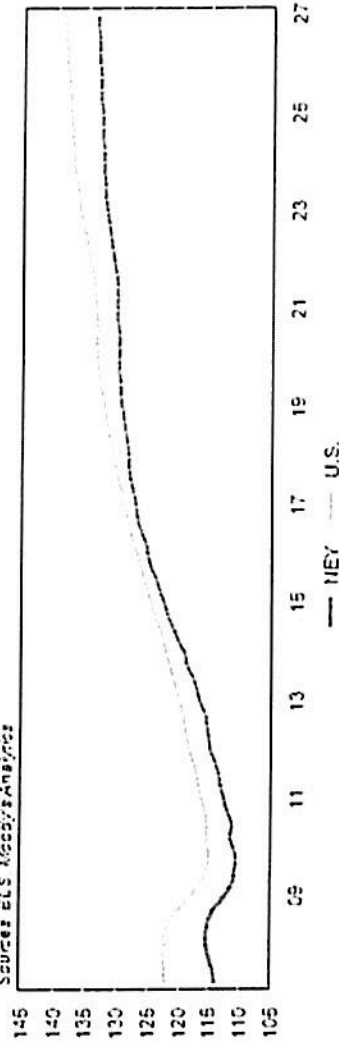
BUSINESS
122%

U.S.=100

RELATIVE EMPLOYMENT PERFORMANCE

2006Q1=100, SA

Source: ELS, Moody's Analytics



STRENGTHS & WEAKNESSES

Strengths

- Financial capital, of the world
- High per capita income and limited exposure to manufacturing
- Strong international immigration

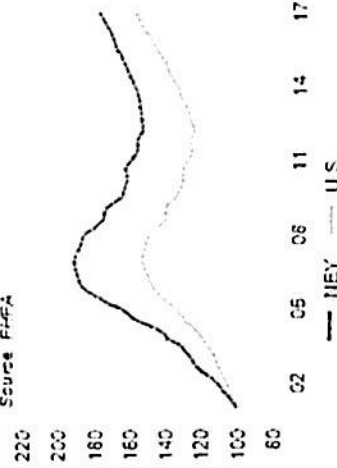
Weaknesses

- High business costs, especially office rents and energy
- Costly housing and high tax burden
- Overreliance on wealthy overseas buyers to support real estate market

HOUSE PRICES

FHFA, 2001Q1=100

Source: FHFA



ANALYSIS

Recent Performance: Growth in New York-Jersey City-White Plains has slowed to a more sustainable pace. Job gains in 2016 were the weakest in the year, and the deceleration was widespread. Continued loss of primary student at college-age and slowed growth in early 2016 turned to recovery.

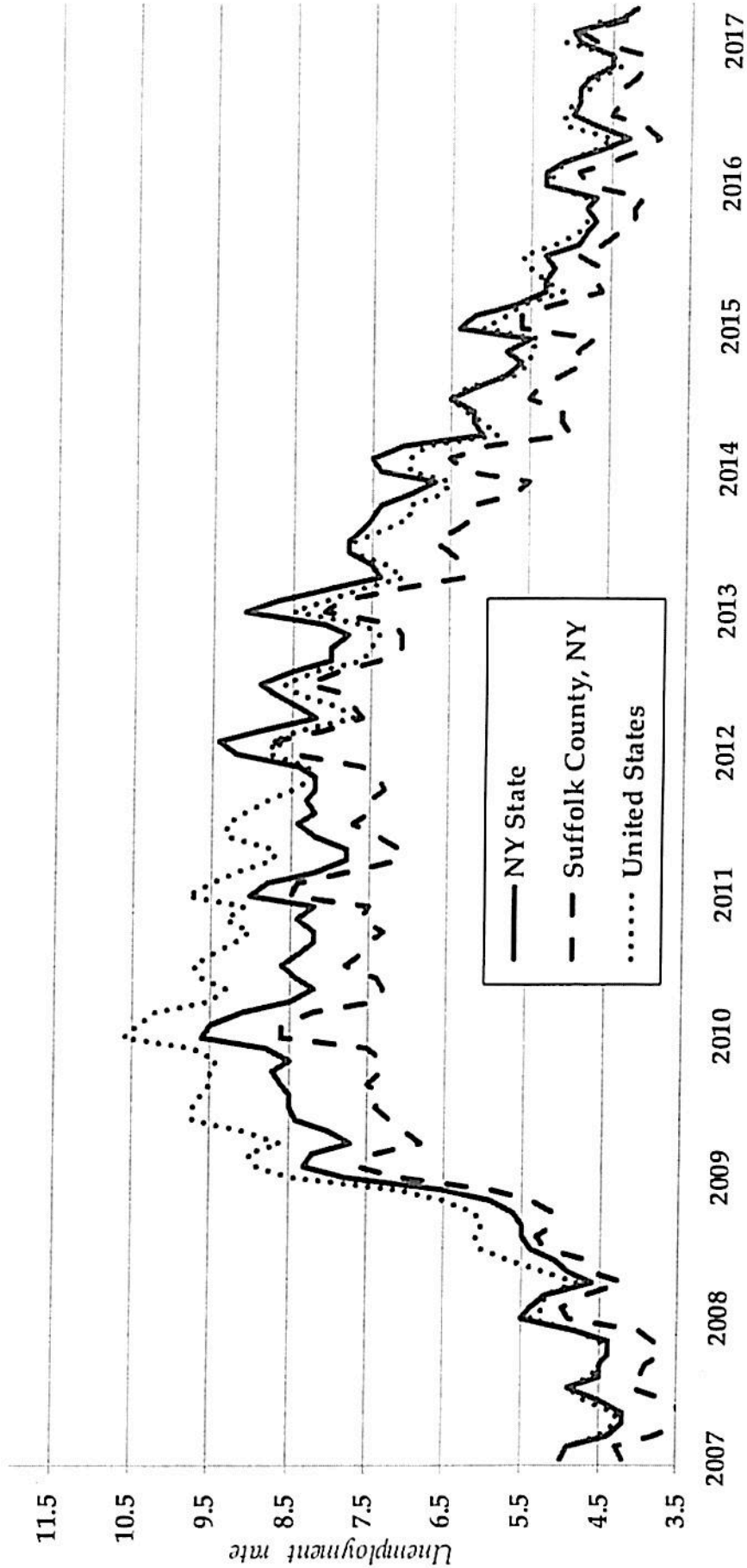
Source: May 2017

Over the last 10 years, Suffolk County unemployment has trended below the state and national averages.

UNEMPLOYMENT



	New York State	Suffolk County, NY	United States
BLS Area	5.0%	4.3%	4.6%
Unemployment Rate			



New York MSA

Among Majority AL communities, Suffolk County's occupancy, construction, AL average rent per unit and YoY rent growth are all well above both the MSA and U.S. averages. Supply penetration is just below national average but above that of the MSA.



MARKET PERFORMANCE TRENDS Majority AL

	County	MSA	U.S.
	Suffolk	New York, NY	Primary Markets
Majority AL			
# of communities		225	3,024
# of units	2,624	22,227	248,319
Occupancy- stabilized communities	93.1%	92.4%	89.4%
Occupancy- all communities	n/a	91.9%	87.2%
Penetration: units as % of 75+ households	4.2%	2.6%	4.5%
Construction units/beds	388	894	21,365
Construction vs. inventory	14.8%	4.0%	8.6%
AL avg. rent per unit	\$6,243	\$5,838	\$4,713
YoY rent growth	3.2%	2.2%	3.0%
MC avg. rent per unit	\$8,062		

"Primary Markets" are ranked 1-31 in the US.

Source: NIC MAP 1Q 2017

Notes: "Stabilized communities" have been open 24+ months or reached 95%+ occupancy.

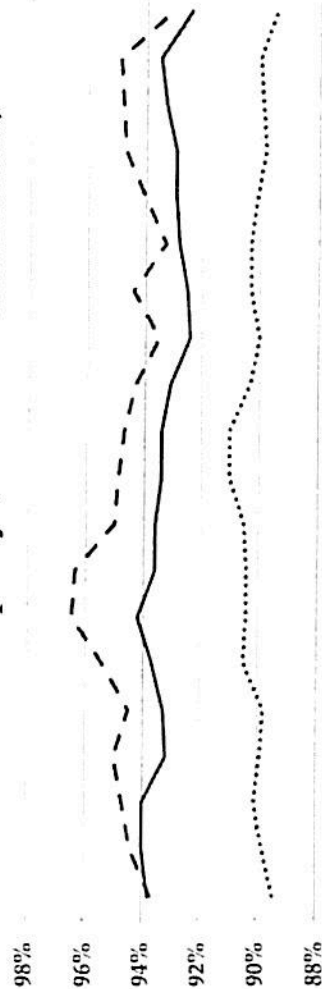
The difference in occupancies between the table and the graph is because the graph includes only rental communities

Occupancy among Suffolk County's stabilized Majority AL communities is strong and has been consistently above MSA and national averages. Suffolk County's reported rent growth spiked to 7%-8% in mid 2015-2016 but has since moderated to a still-healthy 3%.

MARKET PERFORMANCE TRENDS

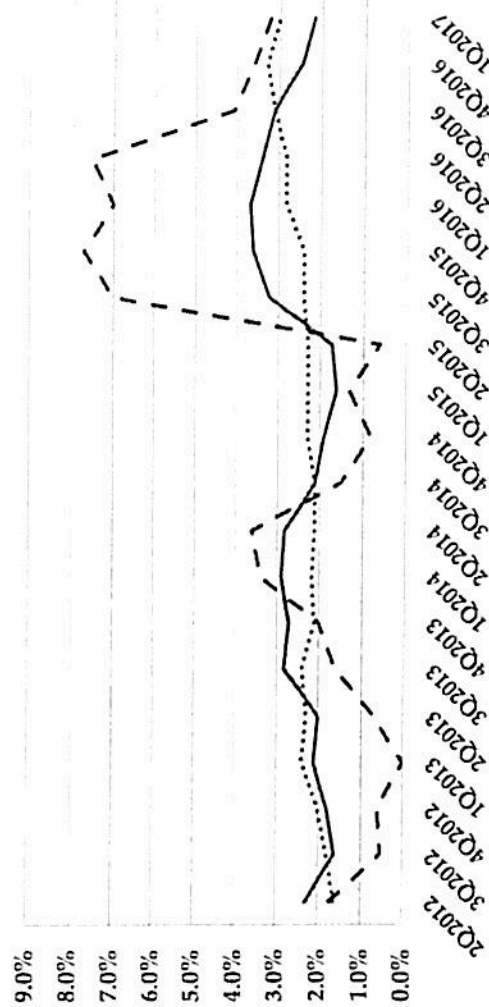
Majority AL

AL Metro occupancy (Stabilized communities)



Majority AL communities- Rental

AL Annual Rent Growth



Notes: "Stabilized communities" have been open 24+ months or reached 95%+ occupancy.

The difference in occupancies between the table and the graph is because the graph includes only rental communities

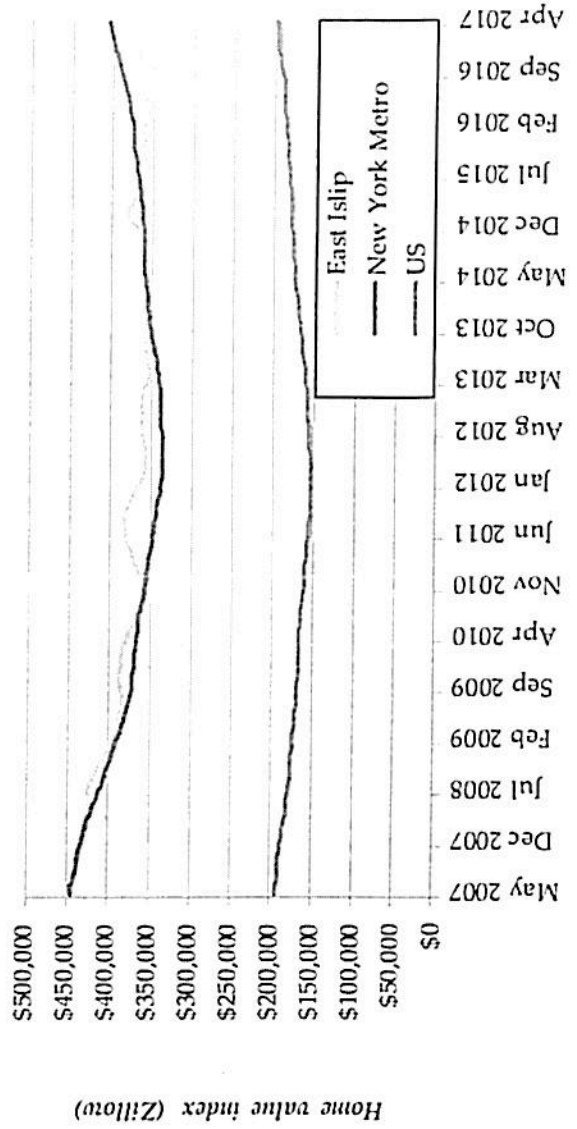
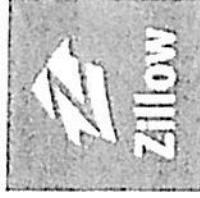
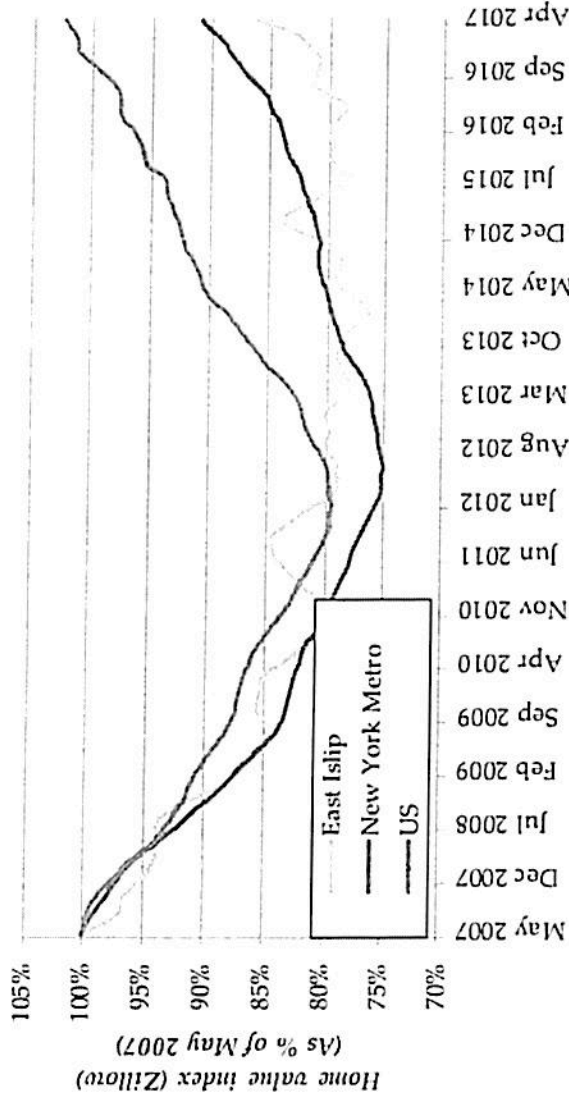
— New York, NY Metro Annual Rent Growth
 - - Suffolk County, NY Annual Rent Growth
 Primary Markets Annual Rent Growth

New York MSA

Single-family home values in East Islip are consistent with New York MSA average: Both of which are double the value of U.S. average but have not rebounded as much as the U.S. average.



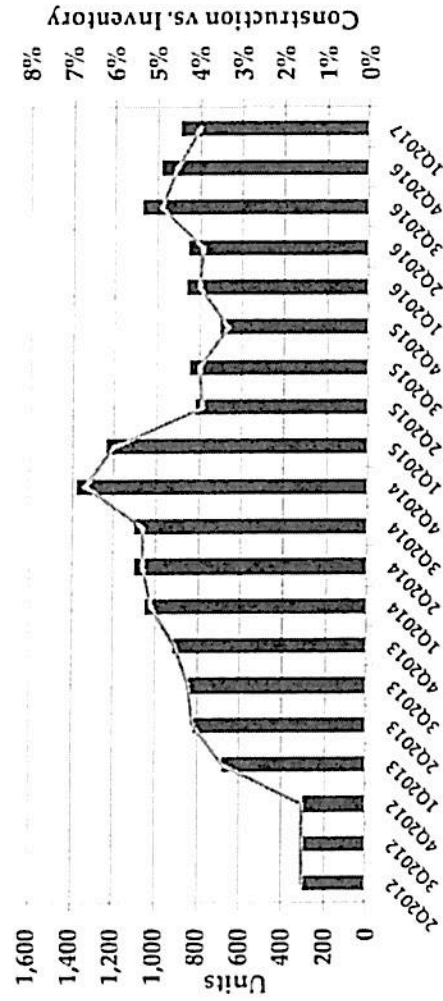
HOME VALUES



Construction within the New York MSA has been steady since 2013. Large supply additions since mid-2015 have been absorbed by the market and occupancy has remained over 90%.

MSA CONSTRUCTION & ABSORPTION

AL construction

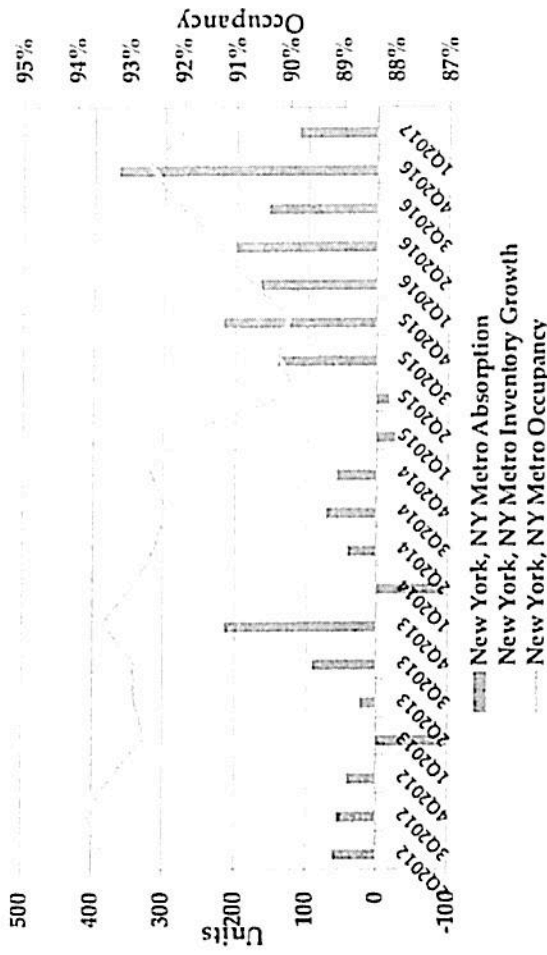


■ New York, NY Metro Units Under Construction

----- New York, NY Metro Construction vs. Inventory

Majority AL rental

All communities: stabilized + lease-up



■ New York, NY Metro Absorption

■ New York, NY Metro Inventory Growth

■ New York, NY Metro Occupancy

Under construction in the MSA

Under construction in the MSA																		
Property Name	Corporate Owner	City	Year Opened	Primary Payment	County	Including units under construction					IL		AL		MC		NC	
						Total	Total IL	units	units	AL	MC	NC	Under Const	Under Const	Under Const	Under Const		
Whisper Landing	Benchmark Senior Living	Smithtown	2018	Rent	Suffolk	101	0	71	30	0	0	0	71	30	0	0		
Atrium Post Acute Care of Livingston	Atrium Health & Senior Living	Livingston	2018	Rent	Essex	108	0	108	0	0	0	0	108	0	0	0		
Atria of Norwood	Atria Senior Living	Norwood	2018	Rent	Bergen	83	0	63	20	0	0	0	63	20	0	0		
All American Assisted Living at Hill	All American Assisted Living	Hillsborough	2017	Rent	Somerset	112	0	88	24	0	0	0	88	24	0	0		
Village Walk	Life Care Services LLC	Patchogue	2017	Rent	Suffolk	146	0	100	46	0	0	0	100	46	0	0		
The New Jersey Jewish Home for Reh		Freehold	2017	Rent	Monmouth	150	0	0	30	120	0	0	0	30	120	0		
Brandywine Senior Living at Livings	Brandywine Senior Living	Livingston	2017	Rent	Essex	120	0	88	32	0	0	0	88	32	0	0		
Arbor Terrace Morris Plains	Arbor Terrace	Morris Plains	2017	Rent	Morris	82	0	82	0	0	0	0	82	0	0	0		
Amber Court of Smithtown	Amber Court Assisted Living	Nesconset	2017	Rent	Suffolk	142	0	120	22	0	0	0	120	22	0	0		
Lantern Hill	Erickson Living	New Providence	2016	EF	Union	360	275	17	28	40	0	0	17	28	40	0		
The Armenian Nursing and Rehabil	The Armenian Home Foundati	Emerson	1946	Rent	Bergen	115	0	0	0	115	0	0	0	0	0	29		
Winchester Gardens	Springpoint Senior Living	Maplewood	1921	EF	Essex	310	208	52	20	30	7	7	42	7	30	7		

Westbrook Village, East Islip NY

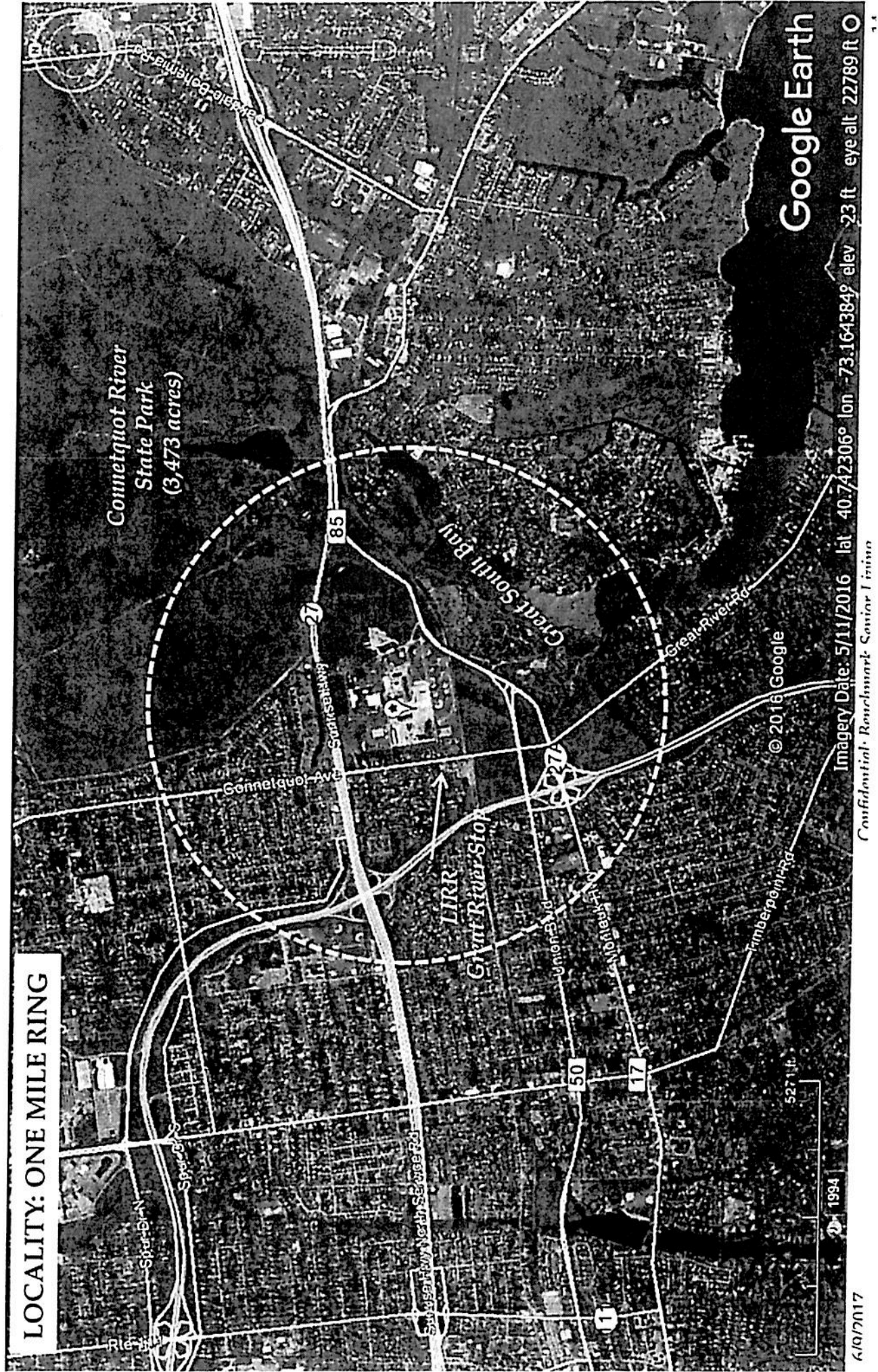


The site is in Islip (population 334,000), 42 miles east of New York City and close to the Southern State Parkway and NY State Route 27. The southern portion of the 5 mile ring incorporates the Great South Bay while the Connetquot River State Park encompasses 3,500 acres just northeast of the site.



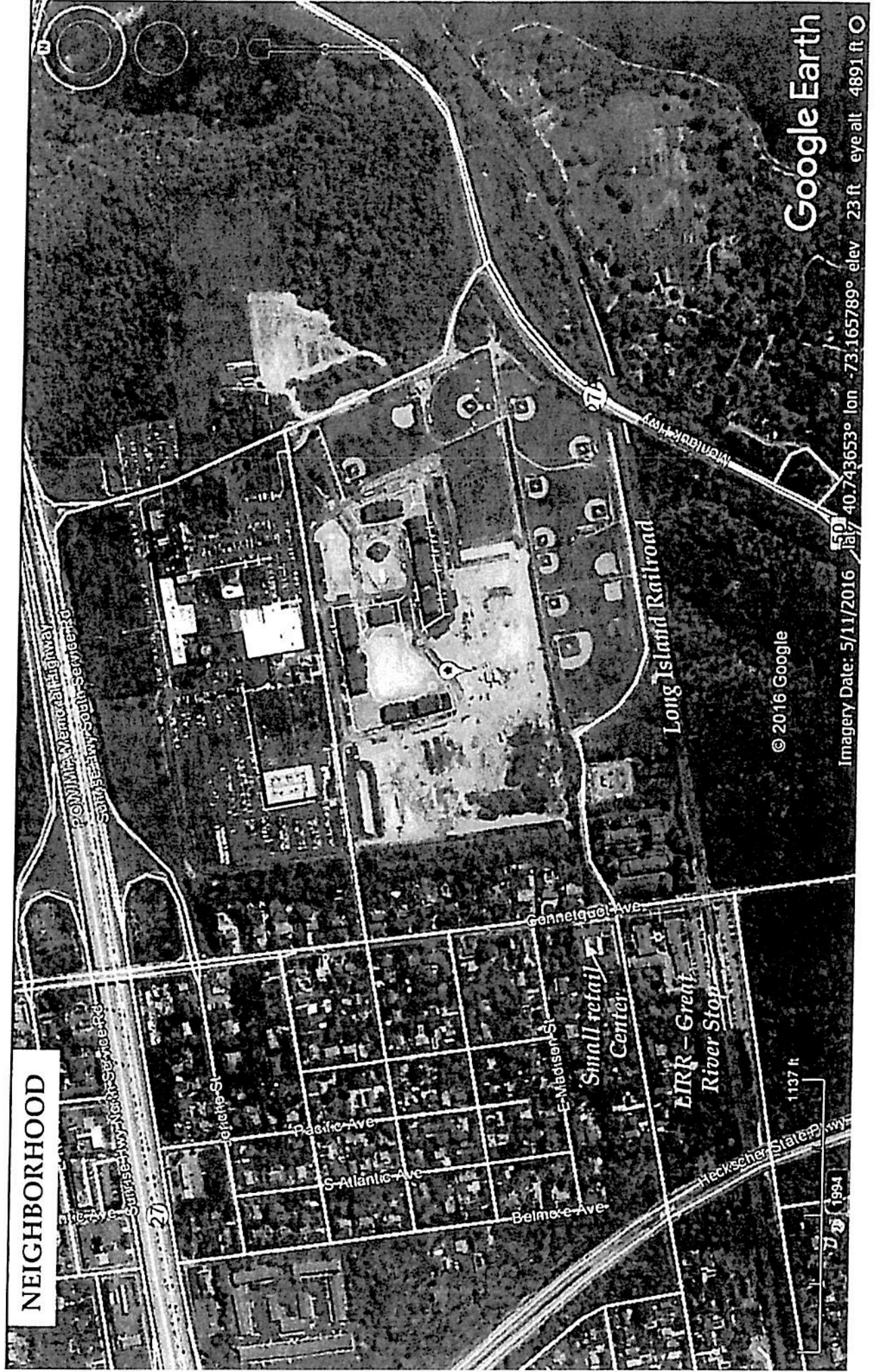
Westbrook Village, East Islip NY

The site is approximately one-quarter mile northeast of the Great River stop on the Long Island Railroad. Established neighborhoods are mainly in the western half of the 1 mile ring while the eastern half includes less populated areas including Connetquot River State Park and Great South Bay.



Westbrook Village, East Islip NY

The site is immediately north of the Long Island Railroad and south of an office complex and is part of the Westbrook Village master plan community (see following slide for further detail).

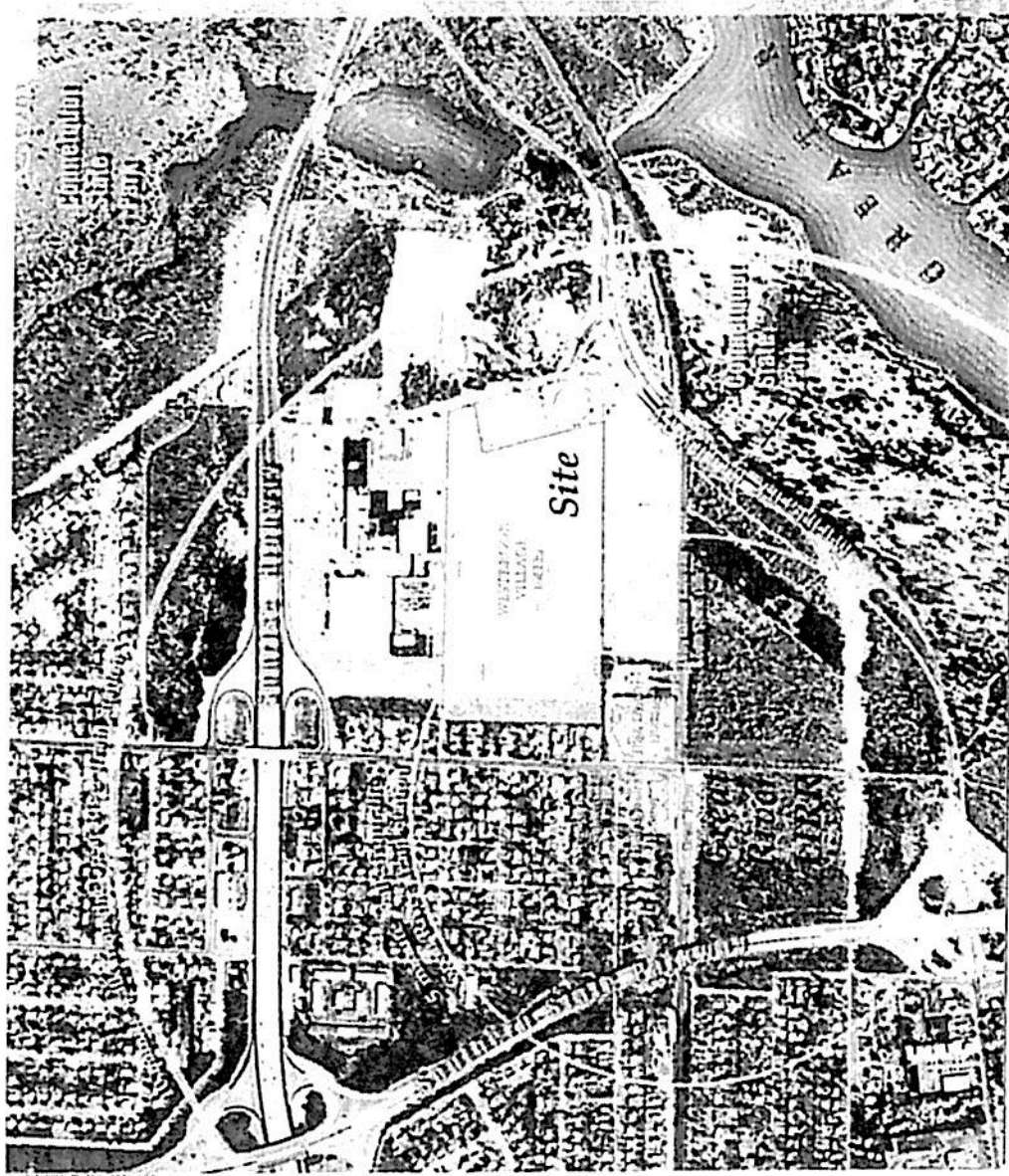


Westbrook Village, East Islip NY

The site is part of the Westbrook Village transit-oriented development within the Village of Great River which also includes luxury apartments and condos.



WESTBROOK VILLAGE



The site for Westbrook Village is situated within the Village of Great River, is five miles northeast of the Town of East Islip, adjacent to the Connetquot State Park. The region in which it is located is predominantly residential in character with several small mixed use centers around major shopping areas and train stations.

Over the years, a transit-oriented neighborhood with high density housing has evolved near the site which is located within a 5 to 10 minute walk to the Great River train station (Long Island Railroad). The residential neighborhood of East Islip extends along the western edge of the site. There is an established neighborhood retail center on the corner of Connetquot Avenue and Jefferson Street which center serves the surrounding residents and commuters with convenience-type goods and services.

Also within walking distance, east of the site, is Connetquot State Park. The park extends north to ... and south to the Great South Bay. It contains the Bayard Arboretum and several estate homes that preserve the historic charm of Great River.

The Sunrise Highway on the north and the Montauk Highway on the south provide quick access to regional shopping areas within a short drive from the site. Two major highways are conveniently accessed from the site.

Westbrook Village was designed based on the following community and regional planning principles:

- ◆ Smart Growth
- ◆ Transit-Oriented Development
- ◆ Traditional Neighborhood Design
- ◆ Placemaking

Source: Benchmark Senior Living

Westbrook Village, East Islip NY

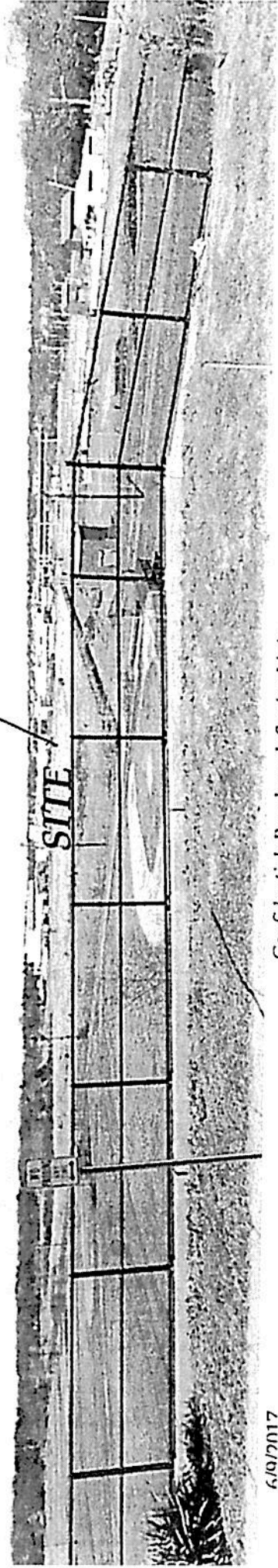
Site will have good visibility and access from Westbrook Village which is in close proximity to Montauk Highway (NY-27) to the southeast and from Connetquot Avenue and Sunrise Highway to the northwest.



STREETSCAPE



Looking northwest at site from Montauk Highway

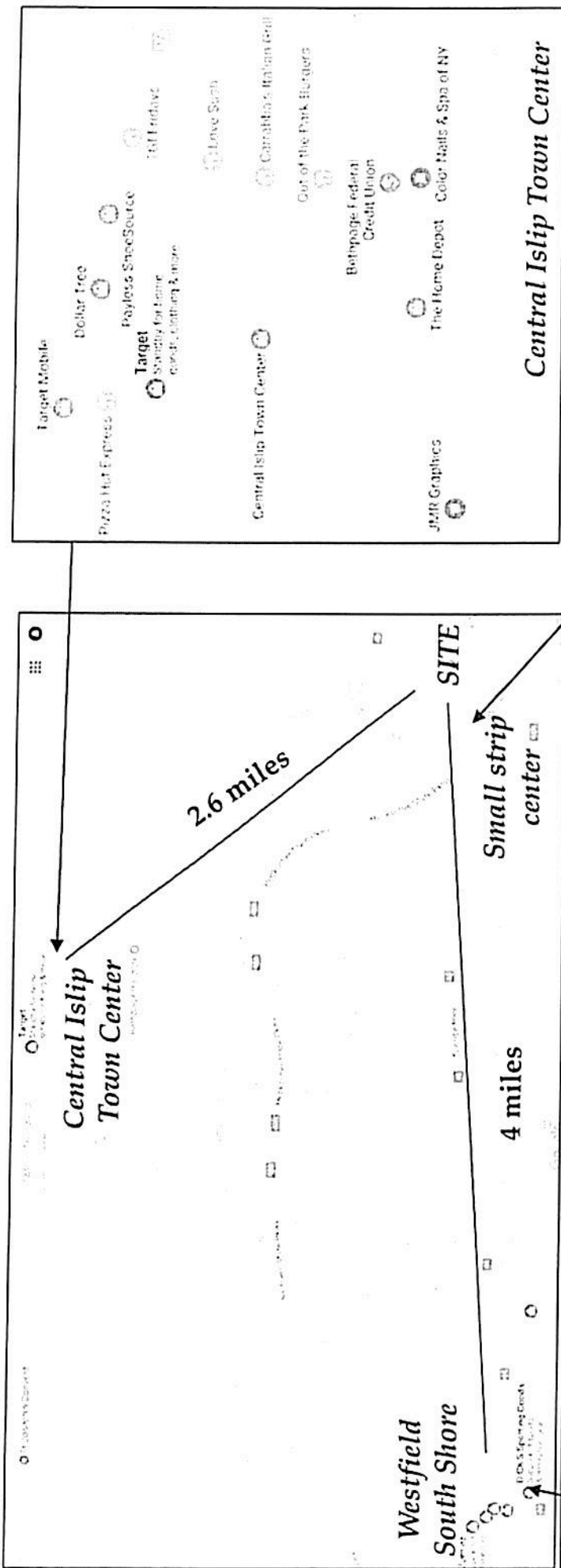


Westbrook Village, East Islip NY

Local retail near site is limited to a small strip center less than a quarter mile west of site. 2.6 miles northwest is the Central Islip Town Center while Westfield South Shore mall is 4 miles west.



LOCAL RETAIL



Westfield South Shore



Small Strip Center

Central Islip Town Center

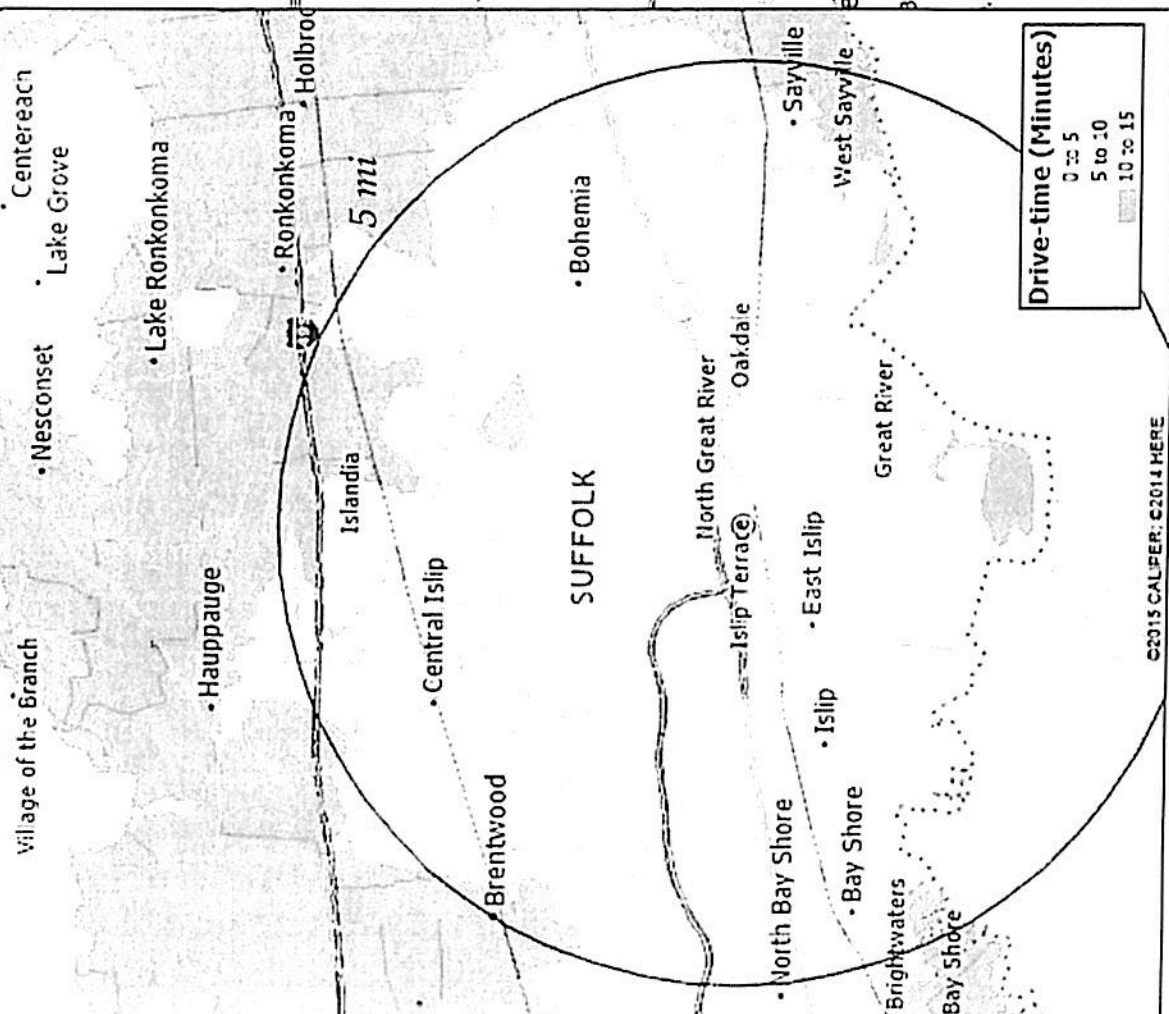
Westbrook Village, East Islip NY

A fifteen minute drive zone extends well beyond five miles. Tracts falling within five miles appear to be a reasonable approximation of the primary market area.

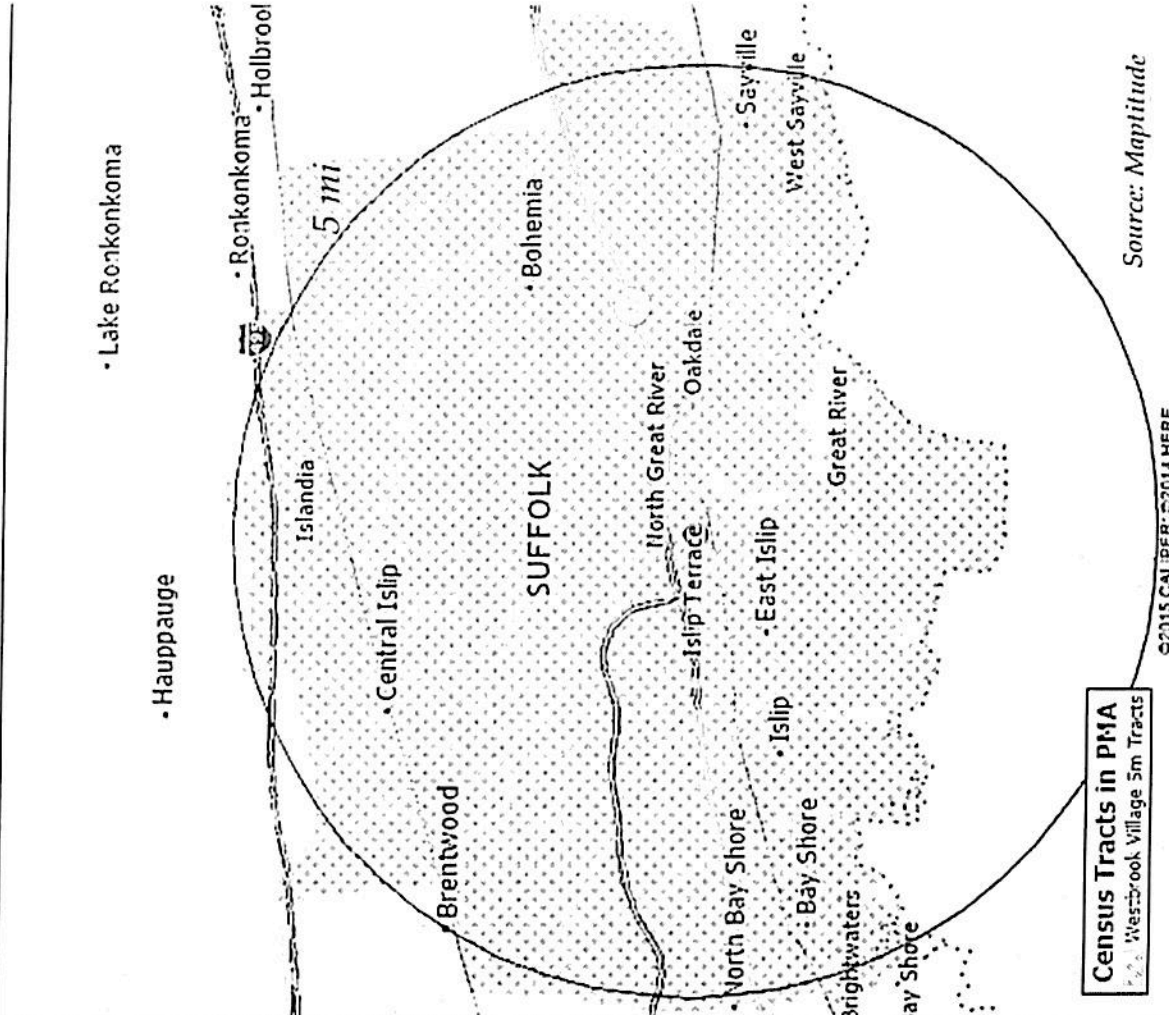


PRIMARY MARKET AREA

Drive-time

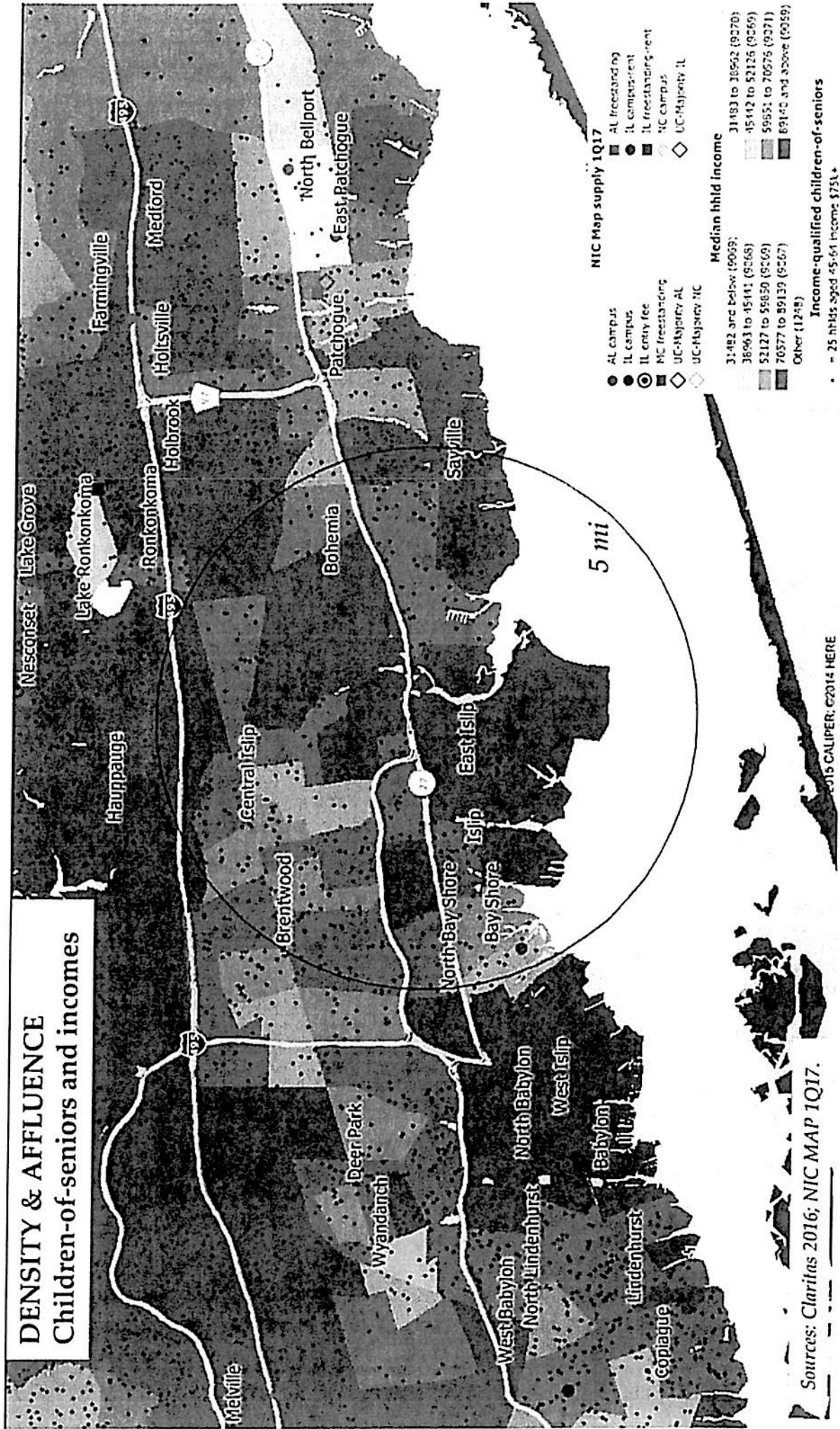


Census Tracts in PMA



Westbrook Village, East Islip NY

Income-qualified children-of-seniors are spread throughout the five mile ring except for south of the site along the water. Median household income is high throughout the five mile ring.



DENSITY & AFFLUENCE – LONG ISLAND

Children-of-seniors and incomes



Sources: Claritas 2016; NIC MAP 1Q17.

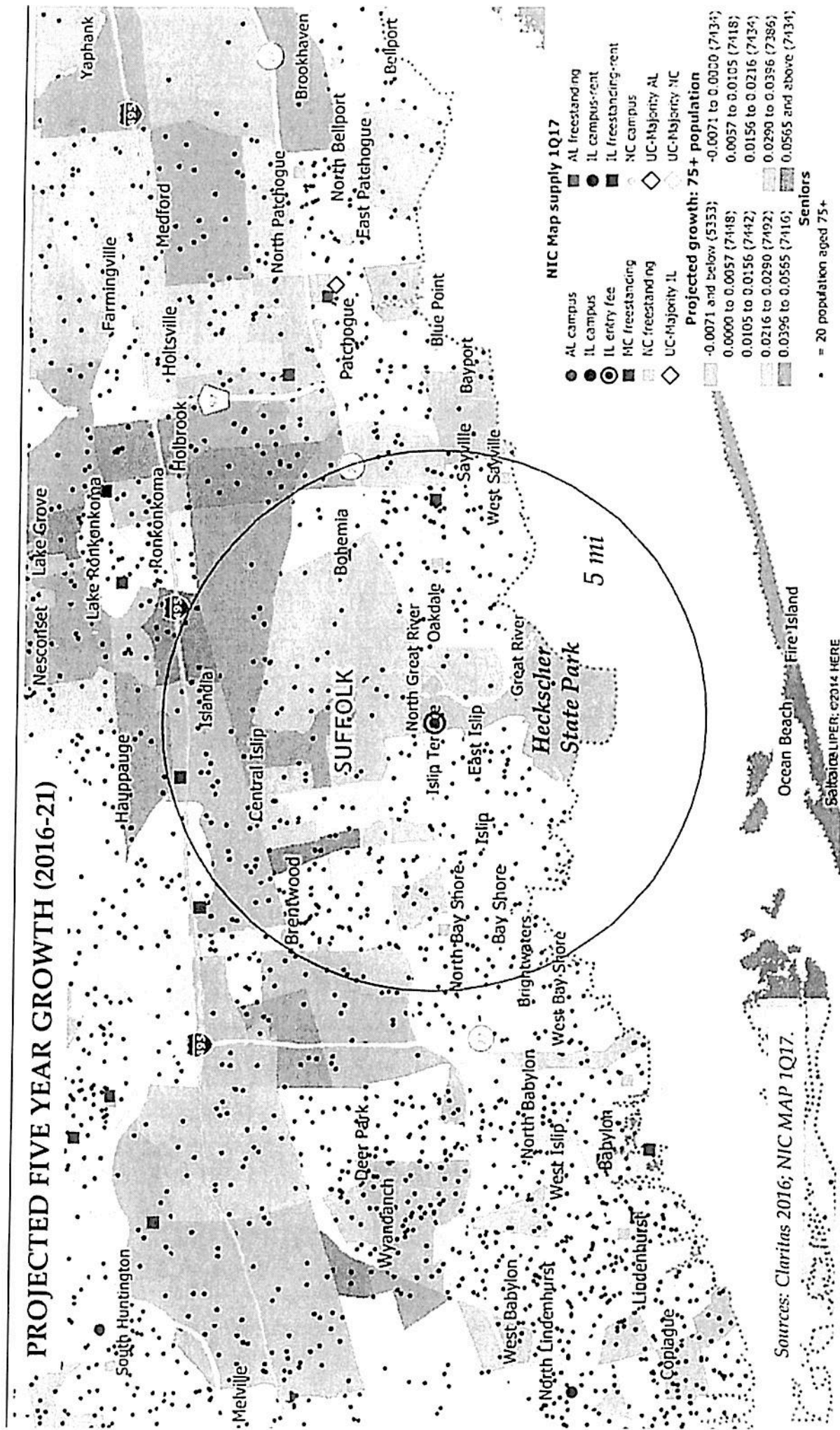
6/10/2017

Confidential - Benchmark Senior Living

A similar pattern holds for qualified seniors and home values.



Projected five year growth of seniors is highest in the northwestern quadrant of the five mile ring.

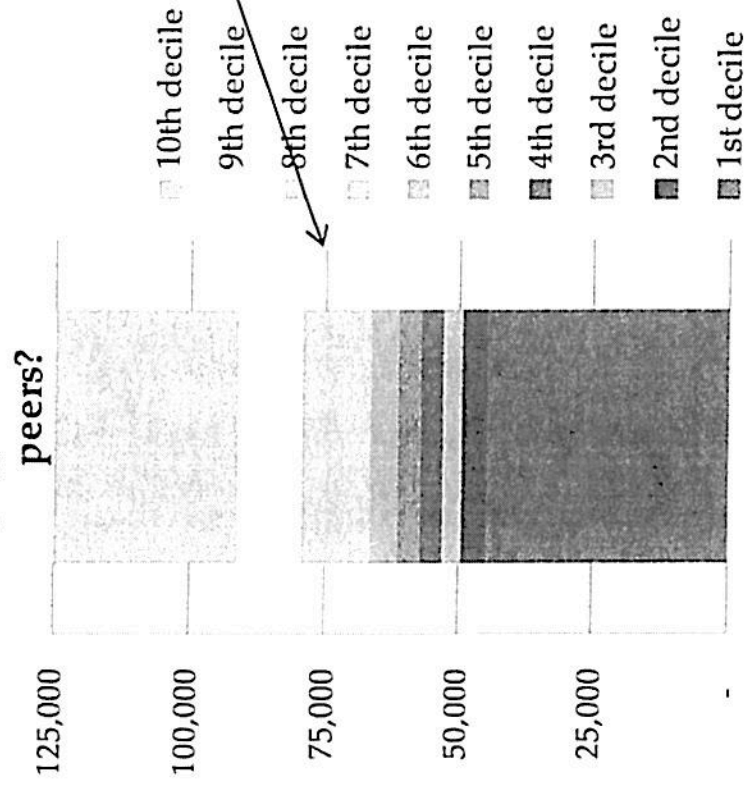


To assess market feasibility, SHA weighs a range of demand & supply statistics using, among other methods, deciles comparisons to large samples of senior housing peers.



HOW DECILES WORK

How does a community's surrounding median incomes stack up against those of its peers?



Peer data set: Majority AL communities nationwide (n=3,929)

If an AL community has a surrounding (5-mi) median household income of \$75,000...
.... then it is has higher income than between 70-80% of similar AL communities, putting it in the 8th decile.

Note: For all decile analyses:

- Higher deciles (7-10) are always the most favorable
- Lower deciles (1-3) are always the least favorable
- Mid-range deciles (4-6) are considered mid-range

Westbrook Village, East Islip NY

Demand density in the PMA is broadly mid-range while incomes and home values are high vs. national peers but mid-range vs. the MSA. Projected growth is also mid-range except for seniors vs. national peers which is comparatively low.



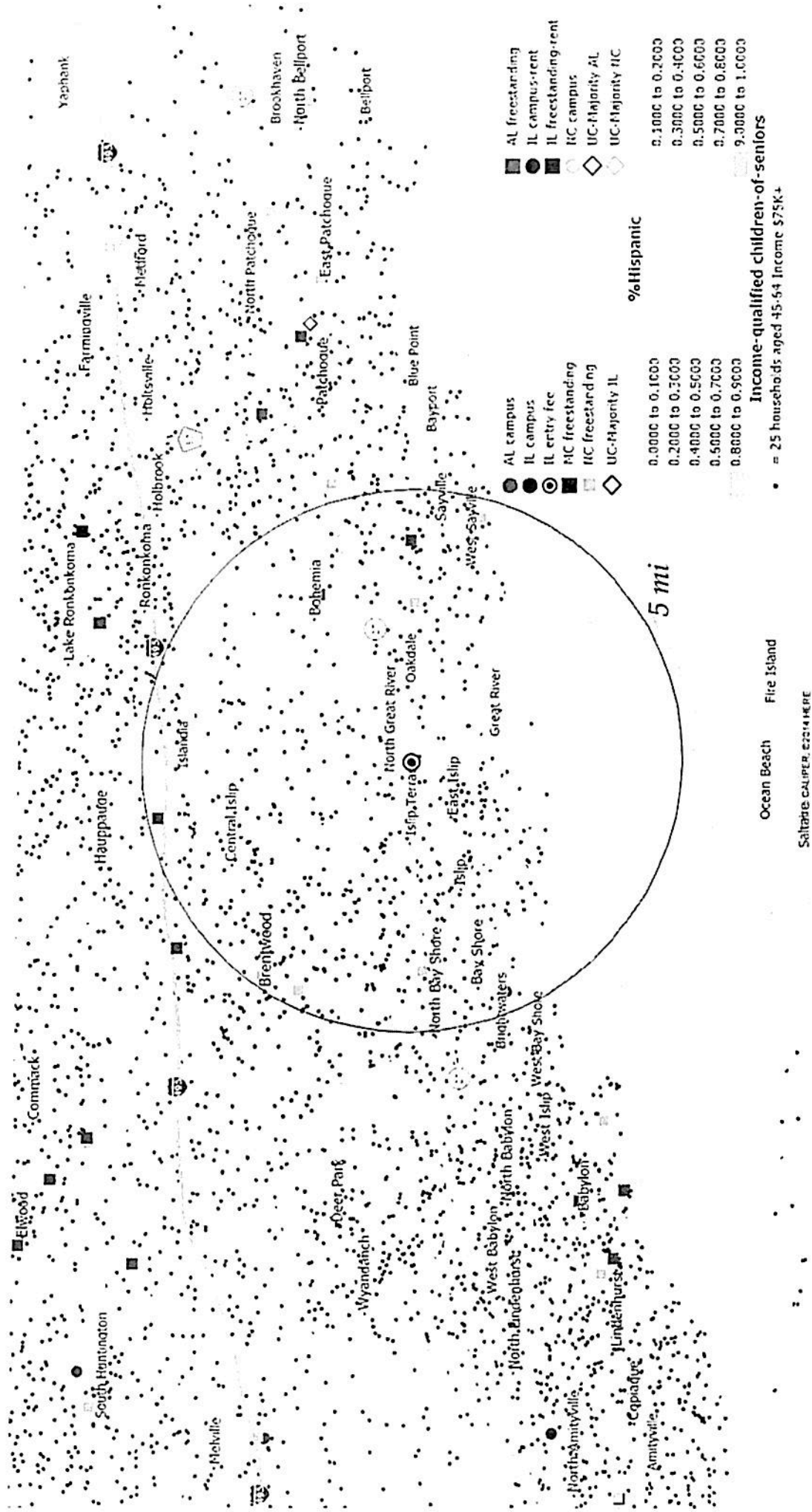
DEMAND

<p>The PMA was scored vs. 5-mile rings around two peer groups:</p> <ul style="list-style-type: none"> Majority AL communities in the top 31 MSAs: the "Primary Markets" (N=3,046) Majority AL's in the New York MSA (N=228) 	
<p>The PMA has 12,917 income-qualified children-of-seniors households ("caregivers" or QCG100). This density is mid-range vs. peers (deciles 4-6), i.e. more demand than 30%-60% of the comparable 5 mile rings.</p>	
<p>The PMA has 2,437 income-qualified senior households (QS75-50). This density is lower mid-range vs. peers (deciles 3-5).</p>	
<p>The incomes and home values are high vs. the national peers (decile 7) and mid-range vs. MSA peers (deciles 3-5).</p>	
<p>Projected five year growth rates for caregiver and senior households are mid-range vs. peer groups (deciles 4-6) except for senior households vs. national peers which are low (decile 2).</p>	

	Westbrook Village-	MajAL-PrimaryMk	MajAL-New York MSA
COMMUNITIES IN DECILE SET		3,046	228
DEMAND			
POPULATION	195,481	5th	5th
Age 45-64	54,620	5th	5th
Age 75+	11,525	5th	4th
Age 85+	3,484	5th	4th
HOUSEHOLDS	60,259	4th	5th
Age 45-64, income \$75k+ (QCG\$75k)	16,690	6th	5th
Age 45-64, income \$100k+ (QCG\$100k)	12,917	6th	4th
Age 75+, income \$35k+ (QS75-\$35k)	3,267	5th	3rd
Age 75+, income \$50k+ (QS75-\$50k)	2,437	5th	3rd
ETHNICITY (Hhds)			
% Hispanic	25%		
% Asian	2%		
% Black	10%		
MEDIAN HOUSEHOLD INCOME	84,161	8th	5th
Age 45-64	95,671	7th	4th
Age 75+	38,359	7th	5th
MEDIAN HOME VALUE	365,949	7th	3rd
HHD GROWTH RATE (Annual)			
Households	0.3%	2nd	3rd
Age 45-64	-0.3%	4th	6th
Age 75+	1.2%	2nd	4th

Within the five mile PMA, 25% of the population is Hispanic and is concentrated in the northwest quadrant of the 5 mile ring.

ETHNICITY

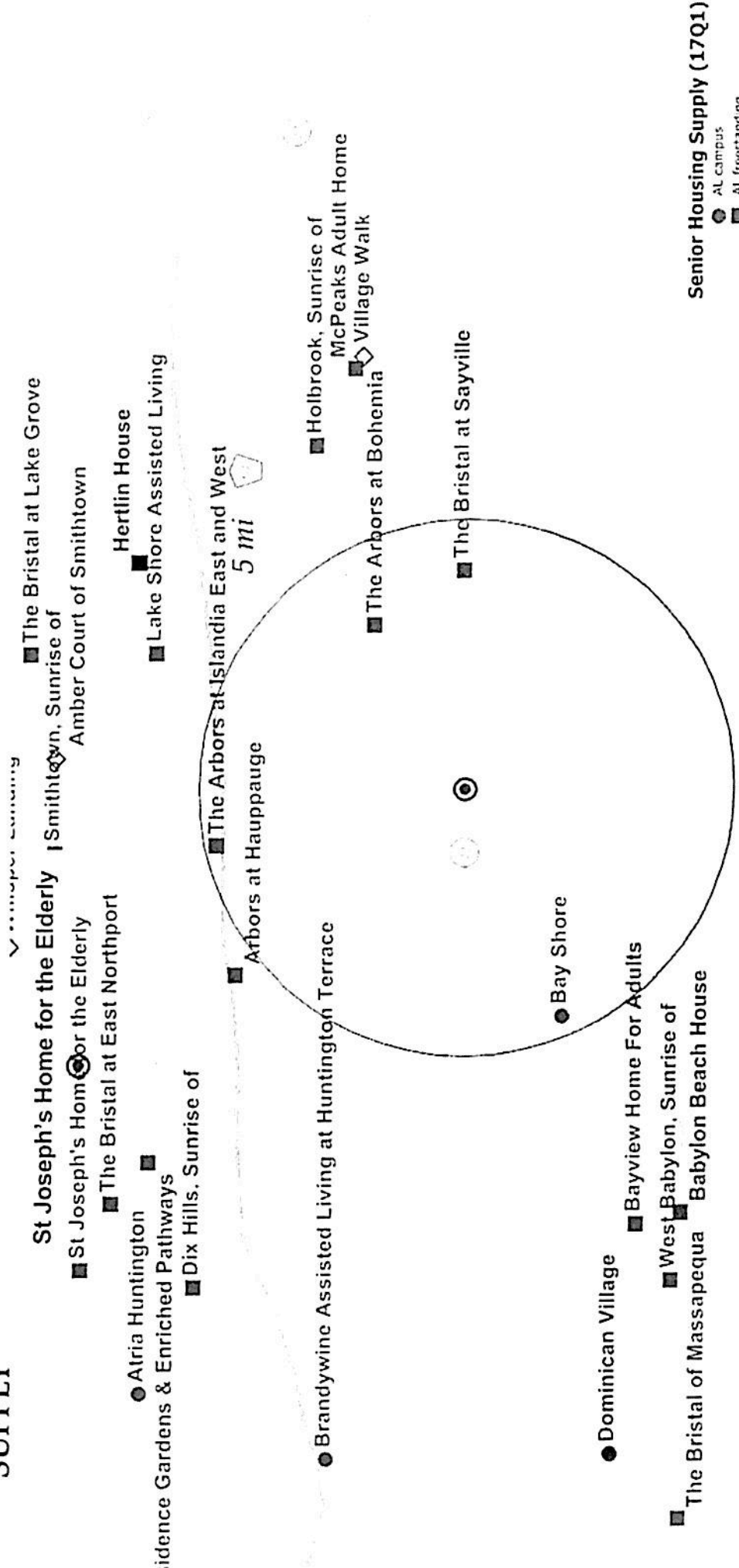


Sources: Claritas 2016; NIC MAP 1Q17.

Five mile supply is mostly on the periphery of the five mile ring and only include four AL communities.



SUPPLY



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Westbrook Village, East Islip NY



Four communities are within five miles with 610 AL and 108 MC, the closest of which is 3.5 miles away. However, over half the AL supply is at The Arbors at Islandia (350 AL, 35 MC), a former hotel 4.8 miles from the site that was converted to assisted living in 2007. The newest property, The Bristol at Sayville (83 AL, 51 MC), opened 4.1 miles from the site in 2014.

SUPPLY DETAIL

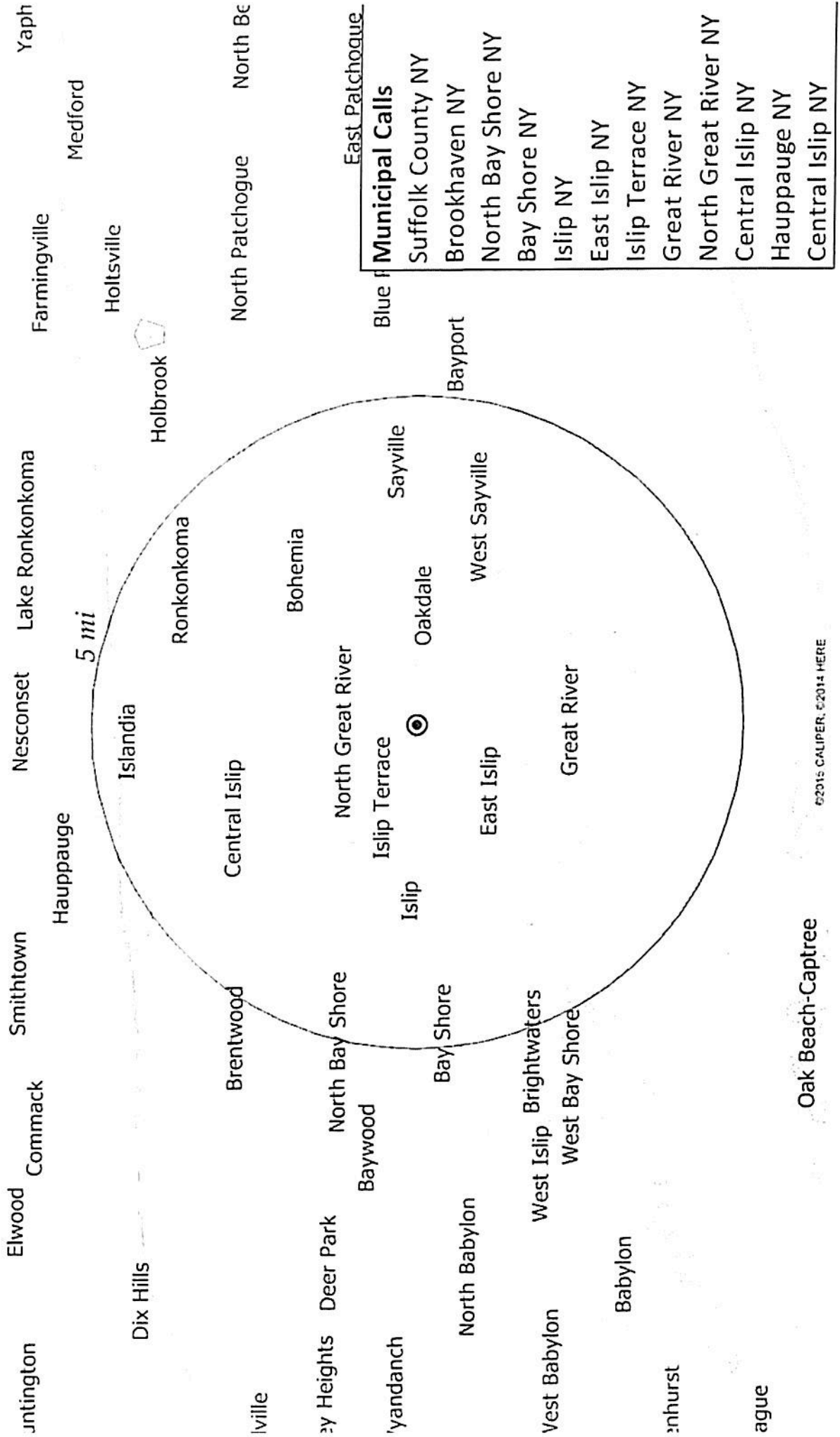
Property Name	Distance to target	City	Year Opened	Property Type	Corporate Owner	Total		Total		Total	
						IL	units	AL	units	MC	NC
The Arbors at Bohemia	3.5	Bohemia	1974	Majority AL	Arcadia Family of Senior Living	0	129	0	0	0	0
The Bristol at Sayville	4.1	Sayville	2014	Majority AL	The Bristol Assisted Living	0	83	51	0	0	0
Bay Shore	4.6	Bay Shore	2001	Majority AL	Atria Senior Living	15	48	22	0	0	0
The Arbors at Islandia East and West	4.8	Islandia	2007	Majority AL	The Arbors Assisted Living Residential Communities	0	350	35	0	0	0
Arbors at Hauppauge	5.5	Hauppauge	1996	Majority AL	The Arbors Assisted Living Residential Communities	0	119	0	0	0	0
Lake Shore Assisted Living	6.3	Ronkonkoma	1974	Majority AL	Steven Marcus	0	100	0	0	0	0
Holbrook, Sunrise of	7.0	Holbrook	2001	Majority AL	Sunrise Senior Living	0	61	18	0	0	0
Hertlin House	7.5	Ronkonkoma	1996	Majority IL	Atria Senior Living	120	0	0	0	0	0
Amber Court of Smithtown	7.7	Nesconset	2017	Majority AL	Amber Court Assisted Living LLC	0	120	22	0	0	0
Smithtown, Sunrise of	7.7	Smithtown	1999	Majority AL	Sunrise Senior Living	0	49	27	0	0	0
McPeaks Adult Home	8.1	Patchogue	1956	Majority AL	Unknown-SHA	0	51	0	0	0	0
Village Walk	8.3	Patchogue	2017	Majority AL	Life Care Services LLC	0	100	46	0	0	0
The Bristol at Lake Grove	8.5	Lake Grove	2015	Majority AL	The Engel Burman Group	0	76	60	0	0	0
Bayview Home For Adults	8.7	Babylon	1996	Majority AL	Unknown-SHA	0	38	0	0	0	0
Babylon Beach House	8.9	Babylon	1979	Majority AL	Unknown-SHA	0	31	0	0	0	0
Whisper Landing	9.0	Smithtown	2018	Majority AL	Benchmark Senior Living	0	71	30	0	0	0
Gurwin Jewish Fay J. Lindner Residence	9.1	Commack	2001	Majority AL	Gerwin Jewish	0	187	14	0	0	0
West Babylon, Sunrise of	10.0	West Babylon	2003	Majority AL	Sunrise Senior Living	0	61	18	0	0	0

Nearby construction, according to NIC MAP, is noted in bold.

To identify potential new supply in the pipeline, SHA called planners in the municipalities listed below as well as conducted internet research.



MUNICIPAL PLANNER CALLS



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Westbrook Village, East Islip NY

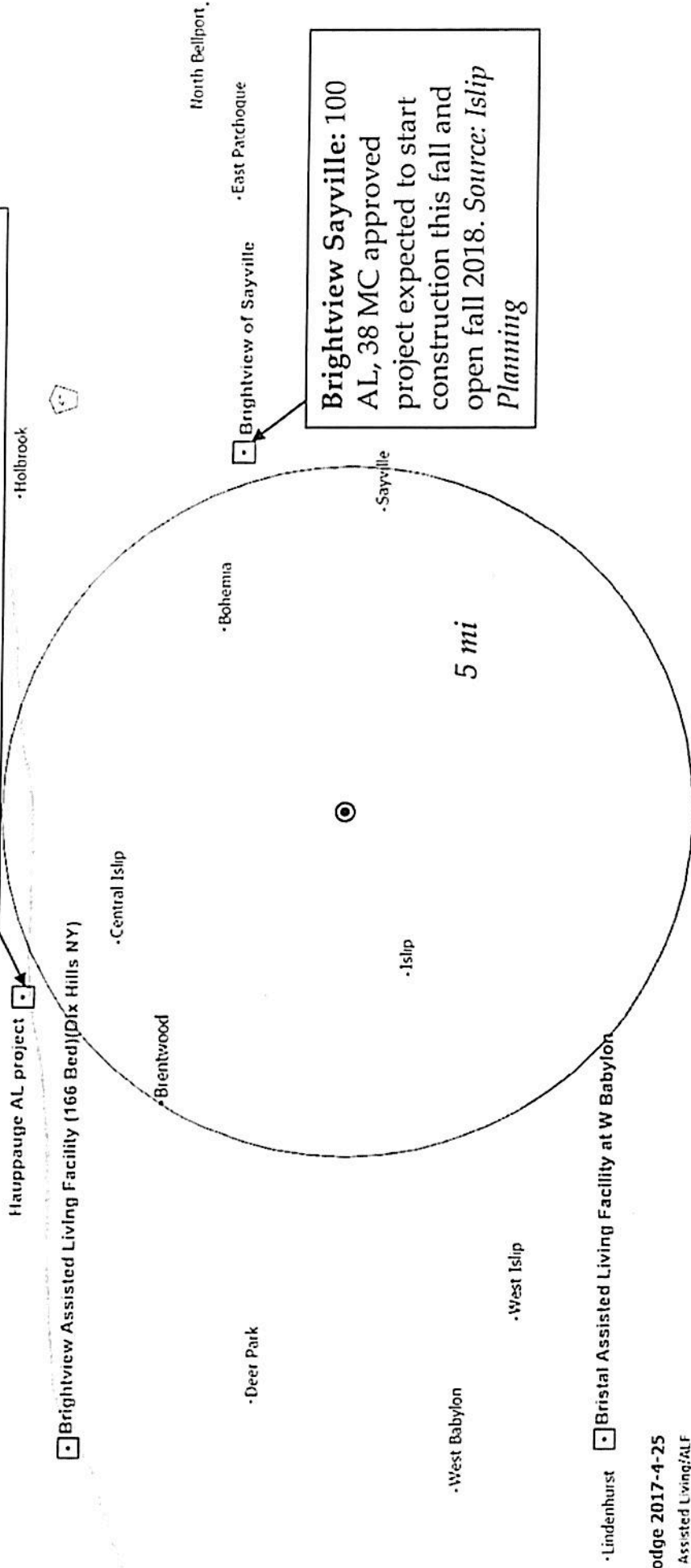
No active planned supply was reported within 5 miles. However, 5.5 miles away, one approved project (Brightview Sayville – 100 AL, 38 MC) is expected to start construction this fall and a second unnamed project in Hauppauge with 130 AL/MC is in the early stages of application review.



PLANNED SUPPLY: Pre-construction

- ☐ Commack
 Artis Assisted Living Complex

Hauppauge AL project: 130 AL (mix not specified) by D&F Development Group. Application submitted but no planning commission hearing yet so details not yet public. Source: Islip Planning



Brightview Sayville: 100 AL, 38 MC approved project expected to start construction this fall and open fall 2018. Source: Islip Planning

Sources: McGraw-Hill Construction Planning from NIC MAP April 2017 with SHA corrections; SHA municipal calls

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In assessing market feasibility, SHA does not calculate demand based on fixed penetration rates.

WHY "UNMET DEMAND" ESTIMATES DON'T WORK in Independent Living, Assisted Living, and Memory Care

*How can "unmet demand" be calculated when no natural
penetration rate exists?*

SHA research has shown that supply
penetration is an important factor,
but not the only factor,
in a market's attractiveness.

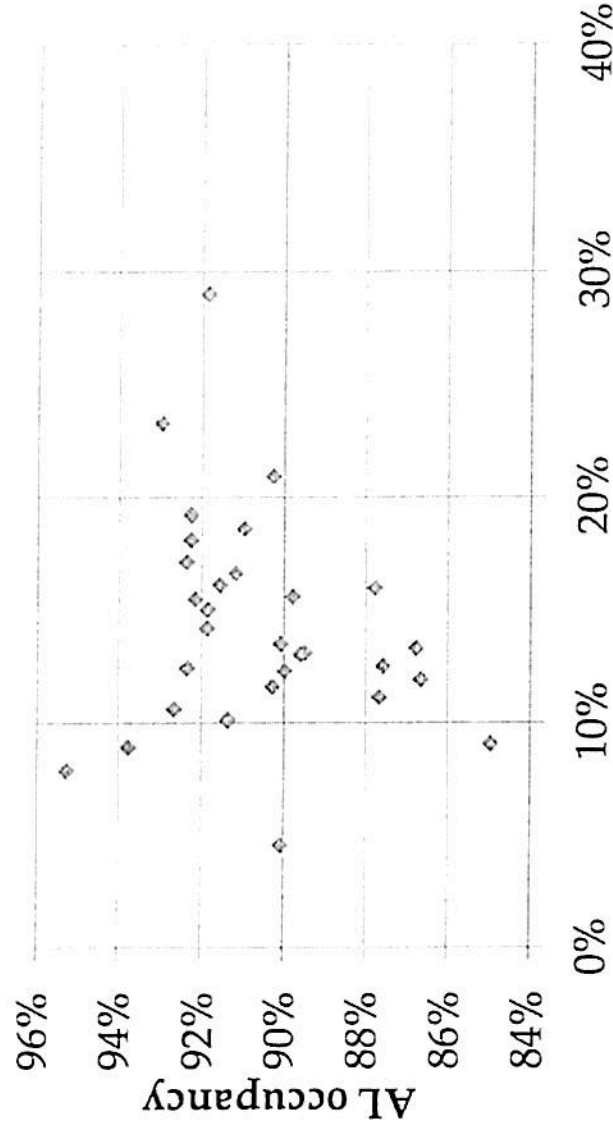
If demand were largely static, then low-
penetration markets would usually have
high occupancy.

Instead, as seen at right, penetration only
loosely correlates with occupancy.

In reality, a market's aggregate demand
stems from many factors, often historical
in nature.

Low penetration ≠ high occupancy

Each dot is a metro market



AL penetration

AL units as % of income-qualified seniors (5-mi ring)

Current supply and penetration levels are mid-range to favorable. After the addition of Benchmark units, resulting penetration remains at acceptable to favorable levels vs. national peers but drops to comparatively low scores vs. MSA peers – particularly for AL. (However, over half the AL supply is in a converted former hotel).

SUPPLY & PENETRATION

Current supply is 610 AL and 108 MC units
Current AL supply is mid-range vs. peers (deciles 3-4).
Current MC supply is low vs. national peers (decile 7) and mid-range vs. MSA (decile 4).
Current AL supply penetration
Qualified caregivers (QCG) and qualified senior (QS) scores are mid-range vs. national peers (decile 4) but comparatively low vs. MSA (deciles 1-2).
Current MC penetration
QCG and QS scores are favorable vs. national peers (deciles 7-8) and broadly mid-range vs. MSA (deciles 3-4).
If Benchmark adds 75 AL and 14 MC units and if demand grows as projected...
...resulting AL penetration remains at broadly acceptable levels vs. national peers (deciles 3-4) but drops to low scores vs. MSA peers (decile 1).
... resulting MC penetration remains at favorable levels vs. national peers (decile 7) but to drops to below-average vs. MSA peers (deciles 2-3).

To assess whether proposed supply growth would simply be keeping up with demand growth, post-project deciles are calculated versus current penetration rates of peer groups

Decile vs ... (higher = better) (5 mile ring)			
Westbrook	MajAL-	MajAL-	
Village-	Primary/Mk	New York	
COMMUNITIES IN DECILE SET			
SUPPLY (Today incl. under-construction)			
Total AL units	610	4th	3rd
Total MC units	108	7th	4th
SUPPLY PENETRATION			
AL as % of QCG\$100k	4.7%	4th	2nd
AL as % of QS\$75-\$50k	25.0%	4th	1st
MC as % of QCG\$100k	0.8%	8th	4th
MC as % of QS\$75-\$50k	4.4%	7th	3rd
...AND IF CLIENT ADDS:			
SUPPLY	New units/beds: Then deciles (with new+ existing st		
Total AL units	75	3rd	2nd
Total MC units	14	7th	4th
THEN THE RESULT IS:			
SUPPLY PENETRATION			
AL as % of QCG\$100k (2020)	5.4%	4th	1st
AL as % of QS\$75-\$50k (2020)	26.8%	3rd	1st
MC as % of QCG\$100k (2020)	1.0%	7th	3rd
MC as % of QS\$75-\$50k (2020)	4.8%	7th	2nd

If approved Brightview of Sayville project 5.5 miles from site is included within 5 mile planned supply, resulting AL penetration scores drop to comparatively low levels, especially vs. the MSA. MC penetration remains at acceptable levels vs. national peers but becomes unfavorable vs. MSA peers.

SUPPLY & PENETRATION (Continued)

Decile vs ... (higher = better) (5 mile ring)			
Westbrook	Maj/AL-	Maj/AL-	
Village-	Primary/Mk	New York	
COMMUNITIES IN DECILE SET			
	3,046		228
IF PLANNED SUPPLY WITHIN 5.5 MILES IS ADDED:			
SUPPLY	New units/beds: Then deciles (with new+ existing st		
Total AL units	100	3rd	2nd
Total MC units	38	5th	2nd
THEN THE RESULT IS:			
SUPPLY PENETRATION			
AL as % of QCG\$100k (2020)	6.2%	3rd	1st
AL as % of QS75-\$50k (2020)	31%	2nd	1st
MC as % of QCG\$100k (2020)	1.3%	6th	1st
MC as % of QS75-\$50k (2020)	6.3%	5th	1st

Sources: Claritas 2016; NIC MAP 1Q17; SHA decile analysis

...If Brightview Of Sayville project (5.5 miles away) is included within 5 miles with 100 AL, 38 MC..

...resulting AL penetration drops to comparatively low levels (deciles 1-3), particularly vs. MSA (decile 1).

...resulting MC penetration remains at acceptable levels vs. national peers (deciles 5-6) but drops to low levels vs. MSA peers decile 1).

To assess whether proposed supply growth would simply be keeping up with demand growth, post-project deciles are calculated versus current penetration rates of peer groups

Westbrook Village, East Islip NY



Among nearby competitors, AL occupancy has remained between 92% and 95% for last 3 years despite 83 AL units opening in 3Q14 and was last reported at 92%, consistent with MSA average. Reported nearby AL rents have been increasing (4.5% CAGR) and were last reported at a 3% premium to MSA average.

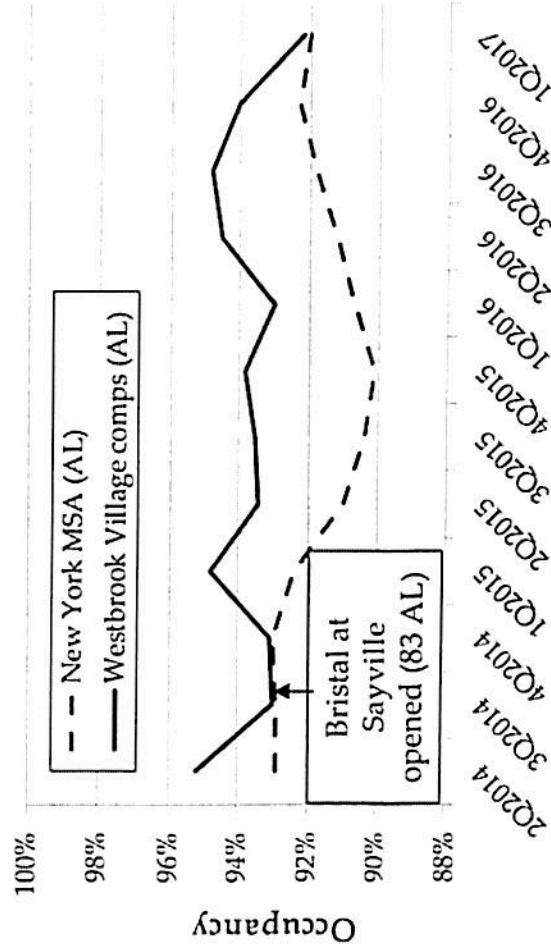
COMPETITOR PERFORMANCE - AL

(NIC MAP redacts rates & occupancies of individual properties to preserve confidentiality)

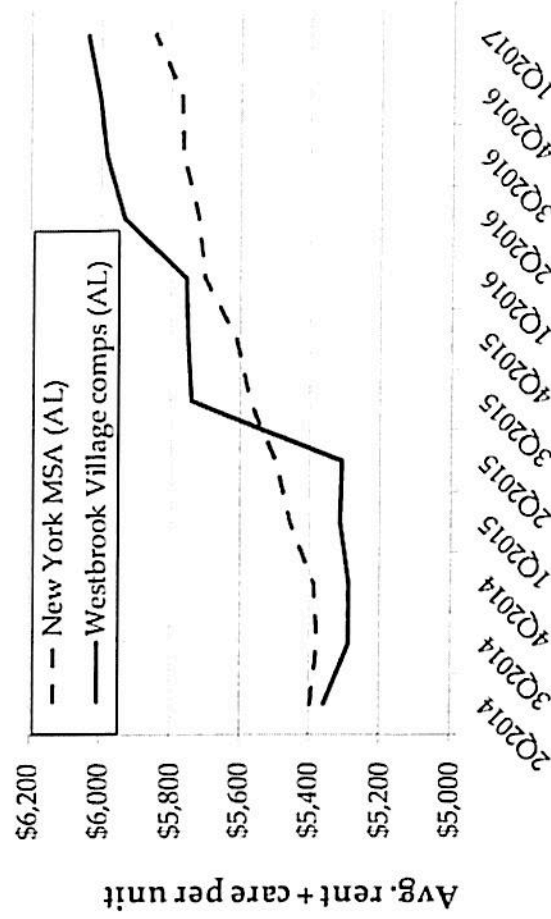
Westbrook Village comps (AL)	Year Opened	TILL	AIU	MCU	IUU
The Arbors at Bohemia	1974	129	129	0	0
Arbors at Hauppauge	1996	119	119	0	0
Bay Shore	2001	85	48	22	15
Holbrook, Sunrise of	2001	79	61	18	0
The Arbors at Islandia East and West	2007	385	350	35	0
The Bristol at Sayville	7/2014	134	83	51	0

Using an industry database (NIC MAP Local), SHA evaluated performance for majority AL comps within 7 miles.

Local occupancy



Local rent+care fees



Westbrook Village, East Islip NY



Among nearby competitors, MC occupancy has remained above 91% since 1Q15 even with the opening of 51 MC in 3Q14 and was last reported at 94%, above the MSA average of 91%. Local MC rents have reportedly increased at a 2.6% CAGR but remain at a 7% discount to MSA rents.

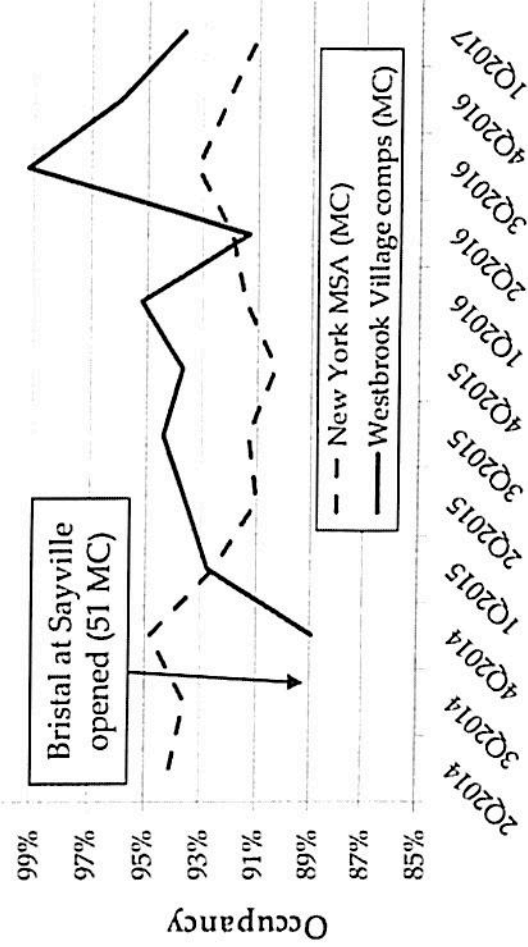
COMPETITOR PERFORMANCE- MC

(NIC MAP redacts rates & occupancies of individual properties to preserve confidentiality)

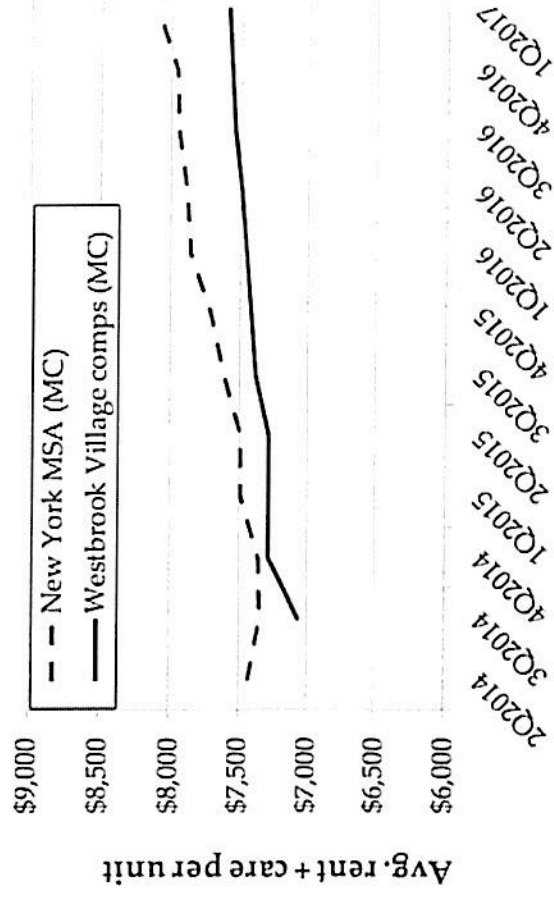
Westbrook Village comps (MC)	Year Opened	THU	ALU	MCU	ILU
Bay Shore	2001	85	48	22	15
Holbrook, Sunrise of	2001	79	61	18	0
The Arbors at Islandia East and West	2007	385	350	35	0
The Bristol at Sayville	7/2014	134	83	51	0

Using an industry database (NIC MAP Local), SHA evaluated performance for majority AL comps within 7 miles.

Local occupancy



Local rent+care fees



Sources: Bing Maps; NIC MAP 1Q17;
community website.

SURROUNDING SUPPLY

The Arbors at Bohemia

Distance to target 3.5

City Bohemia

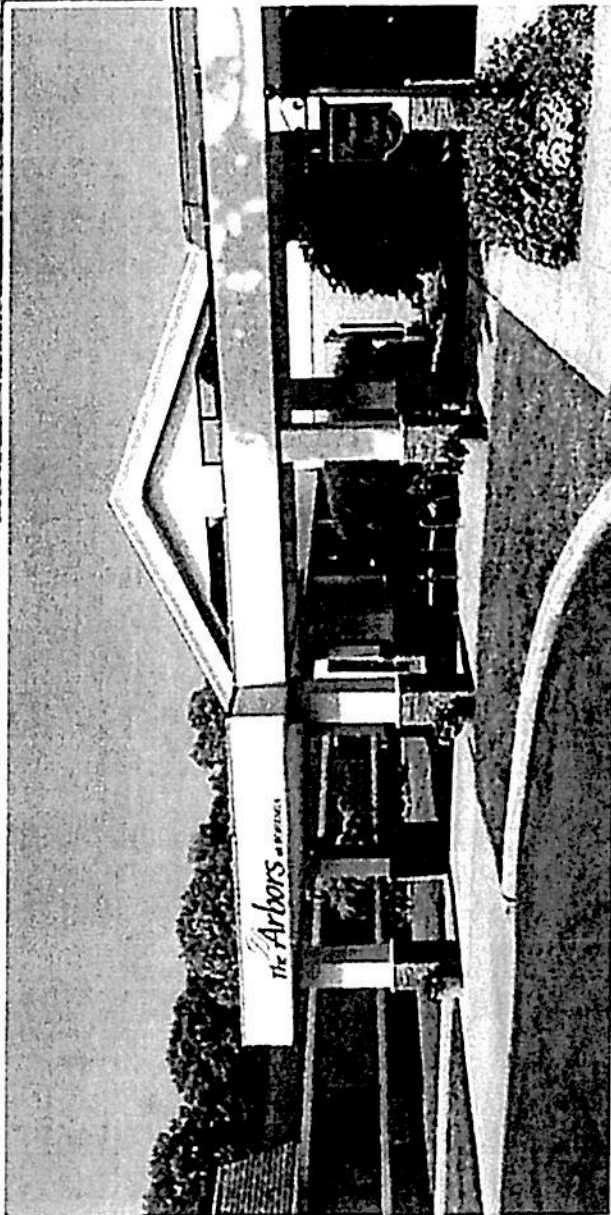
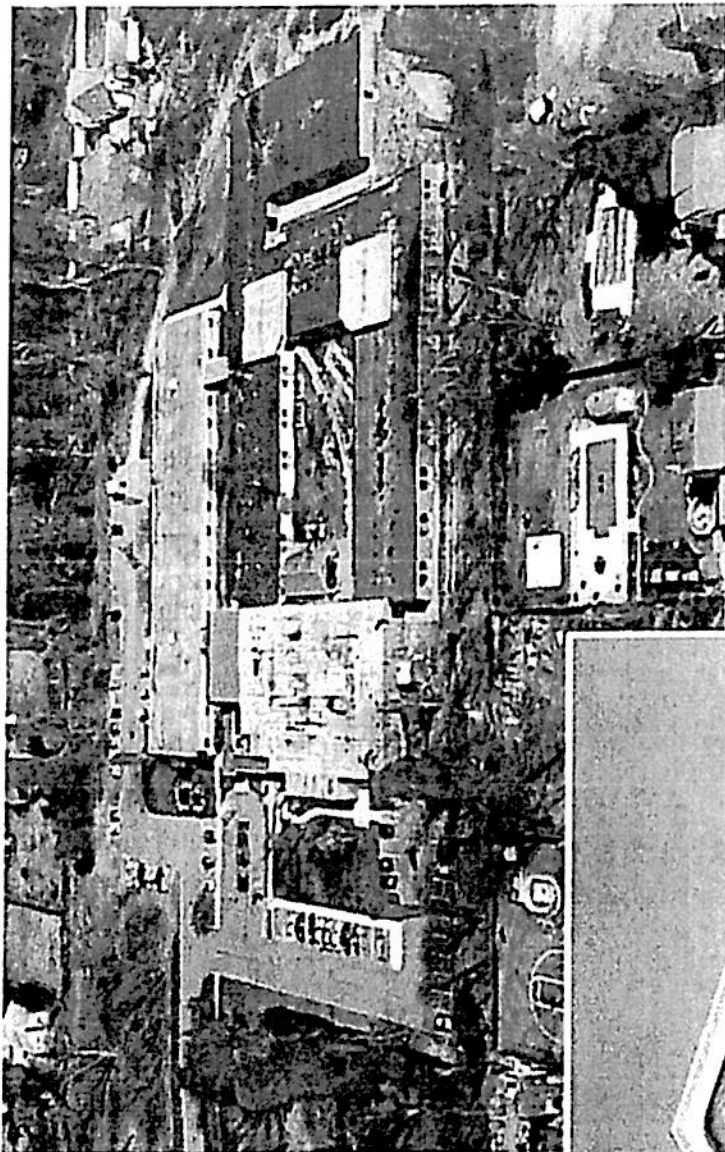
Year Opened 1974

Primary Payment Type Rent

Profit Status For Profit

Corporate Owner Arcadia Family of Senior

Units 129 AL



Sources: Bing Maps; NIC MAP 1Q17;
community website.

SURROUNDING SUPPLY

The Bristol at Sayville

Distance to target 4.1

City Sayville

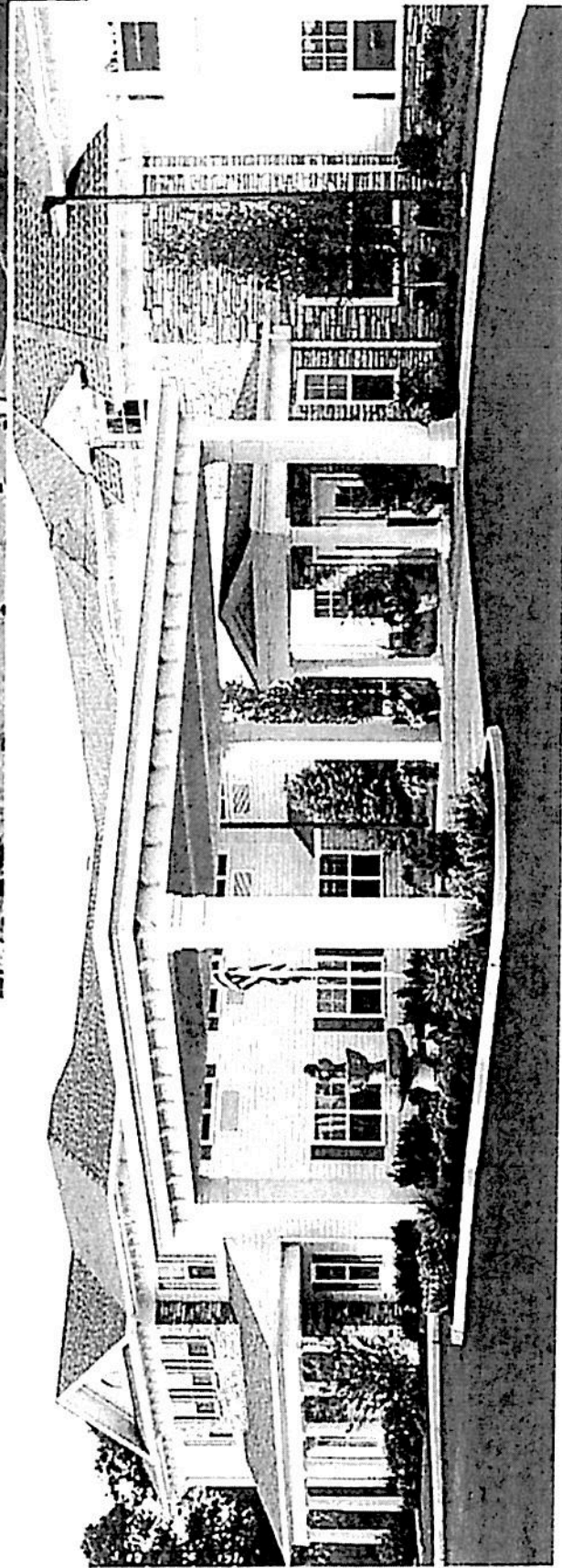
Year Opened 2014

Primary Payment Type Rent

Profit Status For Profit

Corporate Owner The Bristol Assisted Living

Units 83 AL / 51 MC



Sources: Bing Maps; NIC MAP 1Q17;
community website.

SURROUNDING SUPPLY

Bay Shore

Distance to target 4.6

City Bay Shore

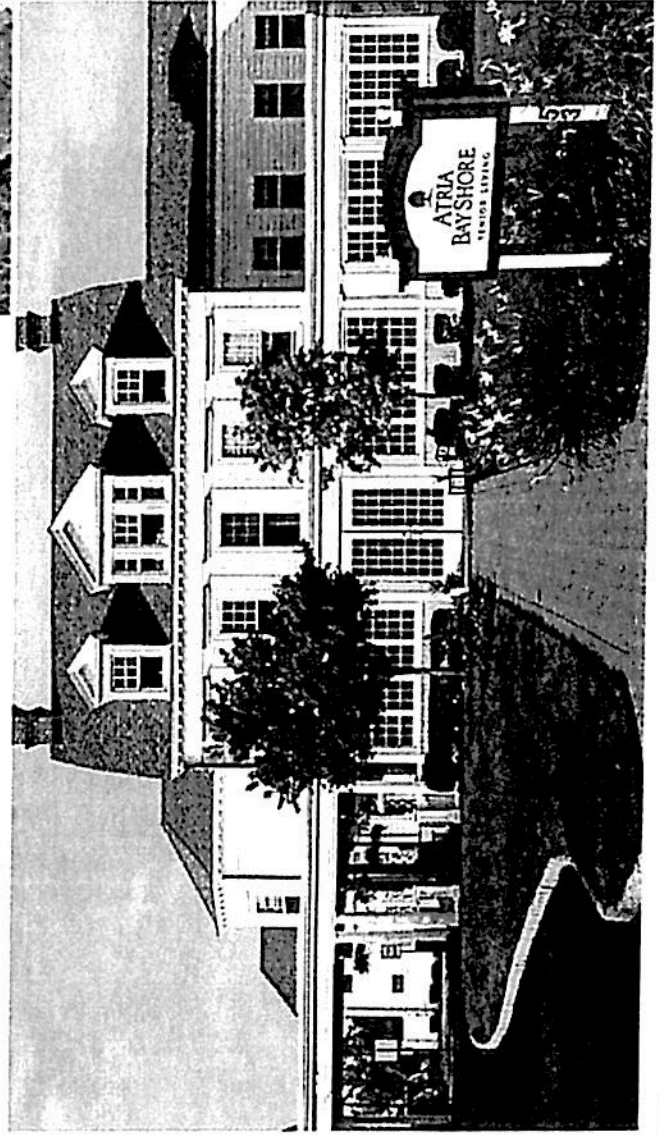
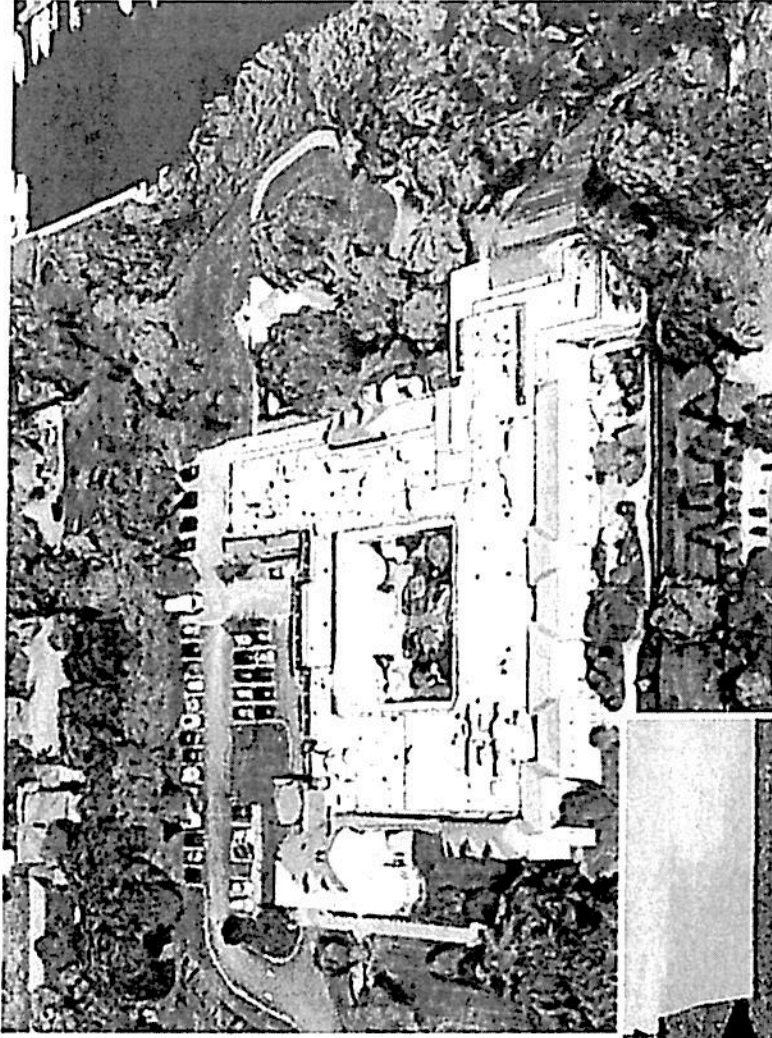
Year Opened 2001

Primary Payment Type Rent

Profit Status For Profit

Corporate Owner Atria Senior Living

Units 15 IL / 48 AL / 22 MC



Sources: Bing Maps; NIC MAP IQ17;
community website.

SURROUNDING SUPPLY

The Arbors at Islandia East and

Distance to target 4.8

City Islandia

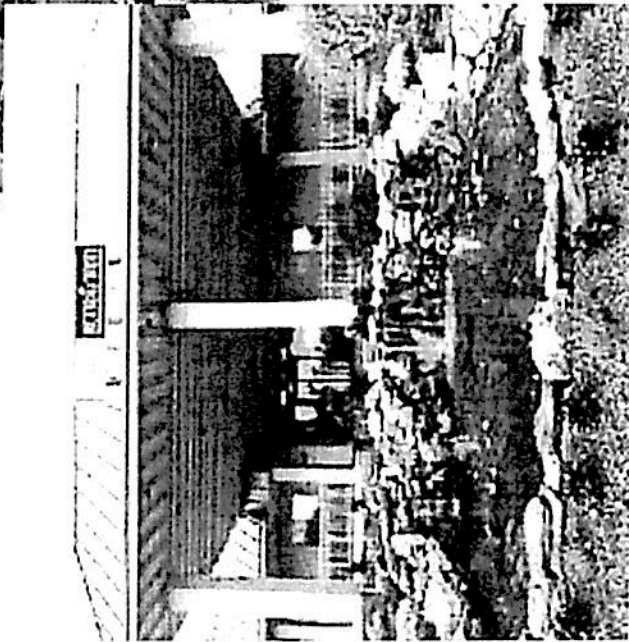
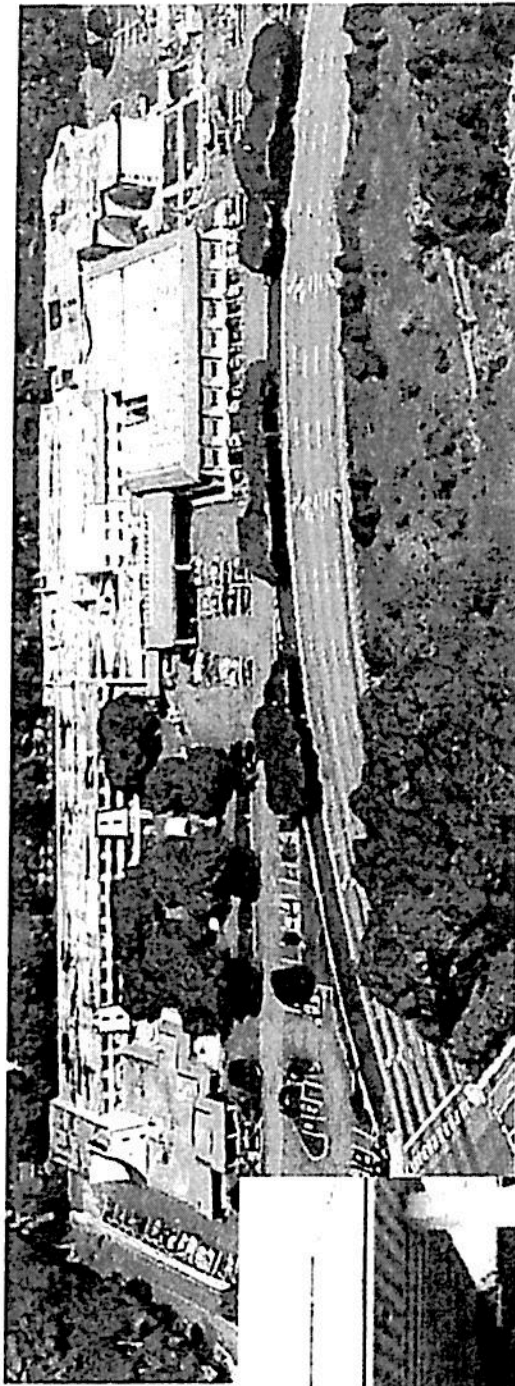
Year Opened 2007

Primary Payment Type Rent

Profit Status For Profit

Corporate Owner The Arbors Assisted Living

Units 350 AL / 35 MC



Sources: Bing Maps; NIC MAP 1Q17;
community website.

SURROUNDING SUPPLY

Arbors at Hauppauge

Distance to target 5.5

City Hauppauge

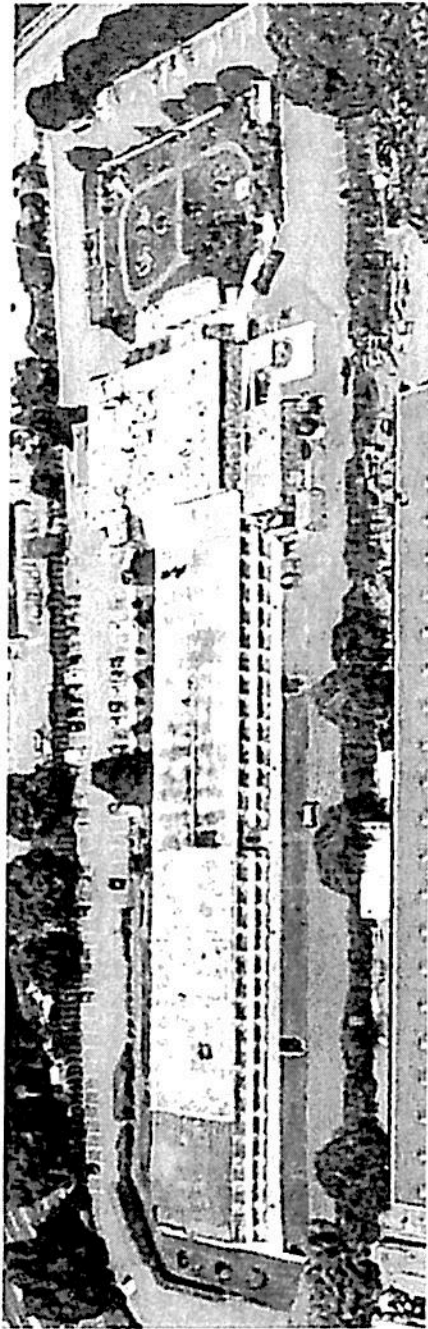
Year Opened 1996

Primary Payment Type Rent

Profit Status Not For Profit

Corporate Owner The Arbors Assisted Living

Units 119 AL



Sources: Bing Maps; NIC MAP 1Q17;
community website.

SURROUNDING SUPPLY

Lake Shore Assisted Living

Distance to target 6.3

City Ronkonkoma

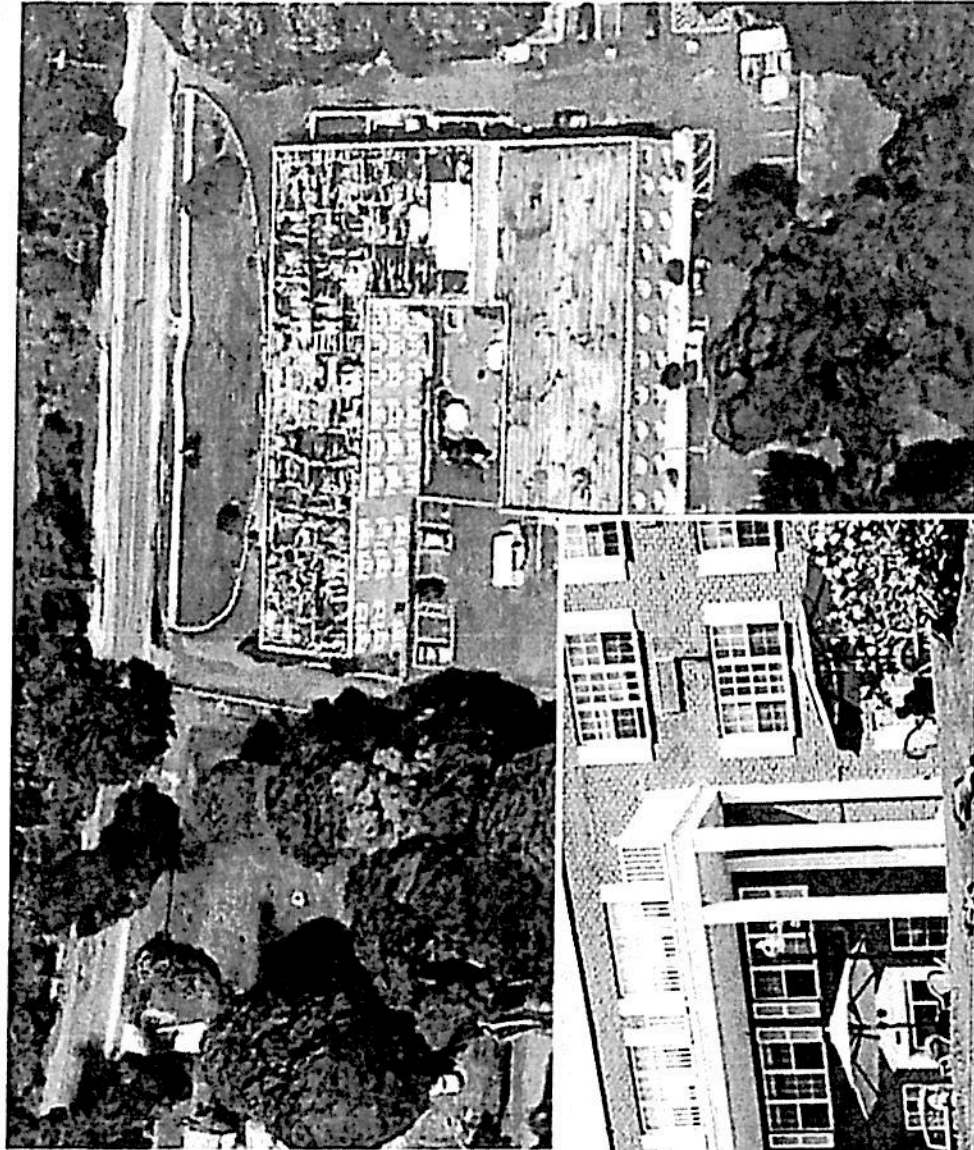
Year Opened 1974

Primary Payment Type Rent

Profit Status For Profit

Corporate Owner Steven Marcus

Units 100 AL



Sources: Bing Maps; NIC MAP 1Q17;
community website.

SURROUNDING SUPPLY

Sunrise of Holbrook

Distance to target 7.0

City Holbrook

Year Opened 2001

Primary Payment Type Rent

Profit Status For Profit

Corporate Owner Sunrise Senior Living

Units 61 AL / 18 MC



Sources: Bing Maps; NIC MAP 1Q17;
community website.

SURROUNDING SUPPLY

Hertlin House

Distance to target 7.5

City Ronkonkoma

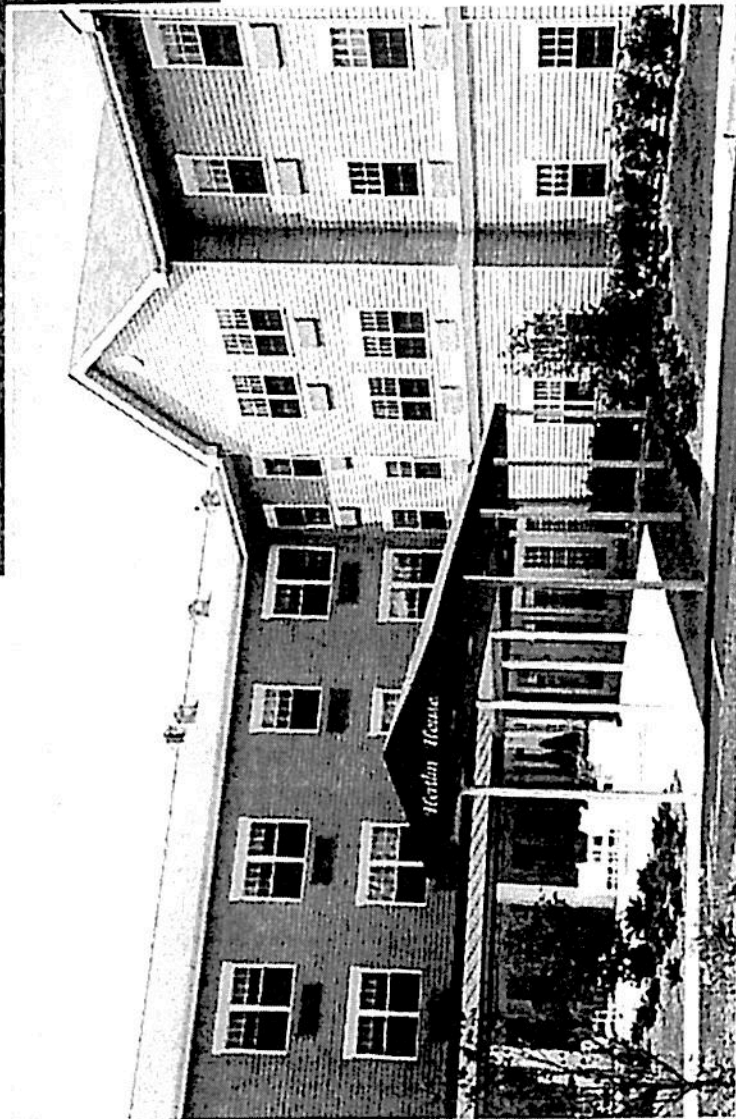
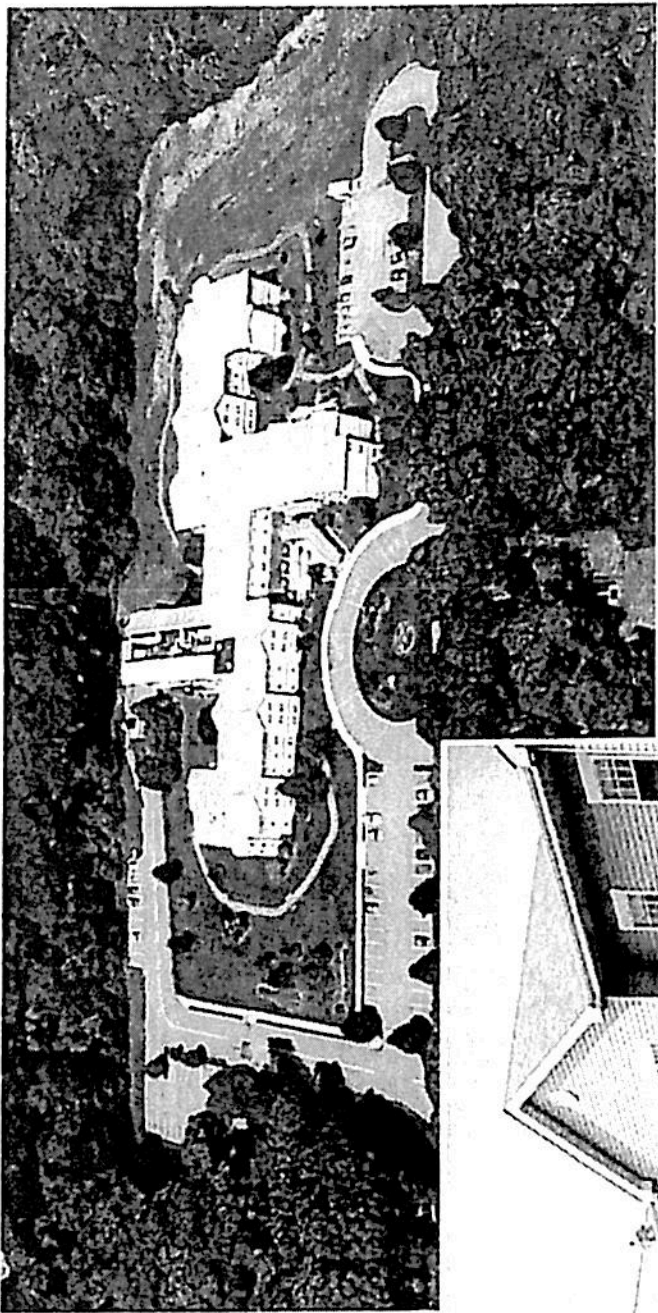
Year Opened 1996

Primary Payment Type Rent

Profit Status For Profit

Corporate Owner Atria Senior Living

Units 120 IL



Sources: Bing Maps; NIC MAP 1Q17;
community website.

SURROUNDING SUPPLY

Amber Court of Smithtown

Distance to target 7.7

City Nesconset

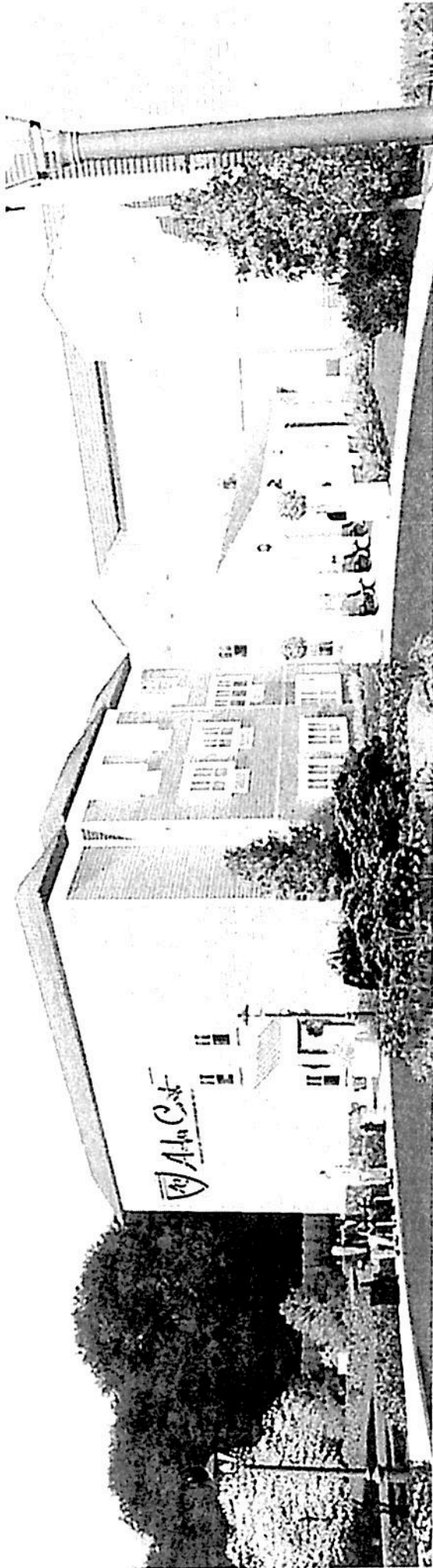
Year Opened 2017

Primary Payment Type Rent

Profit Status For Profit

Corporate Owner Amber Court Assisted Living

Units 120 AL / 22 MC



Sources: Bing Maps; NIC MAP 1Q17;
community website.

SURROUNDING SUPPLY

Sunrise of Smithtown

Distance to target 7.7

City Smithtown

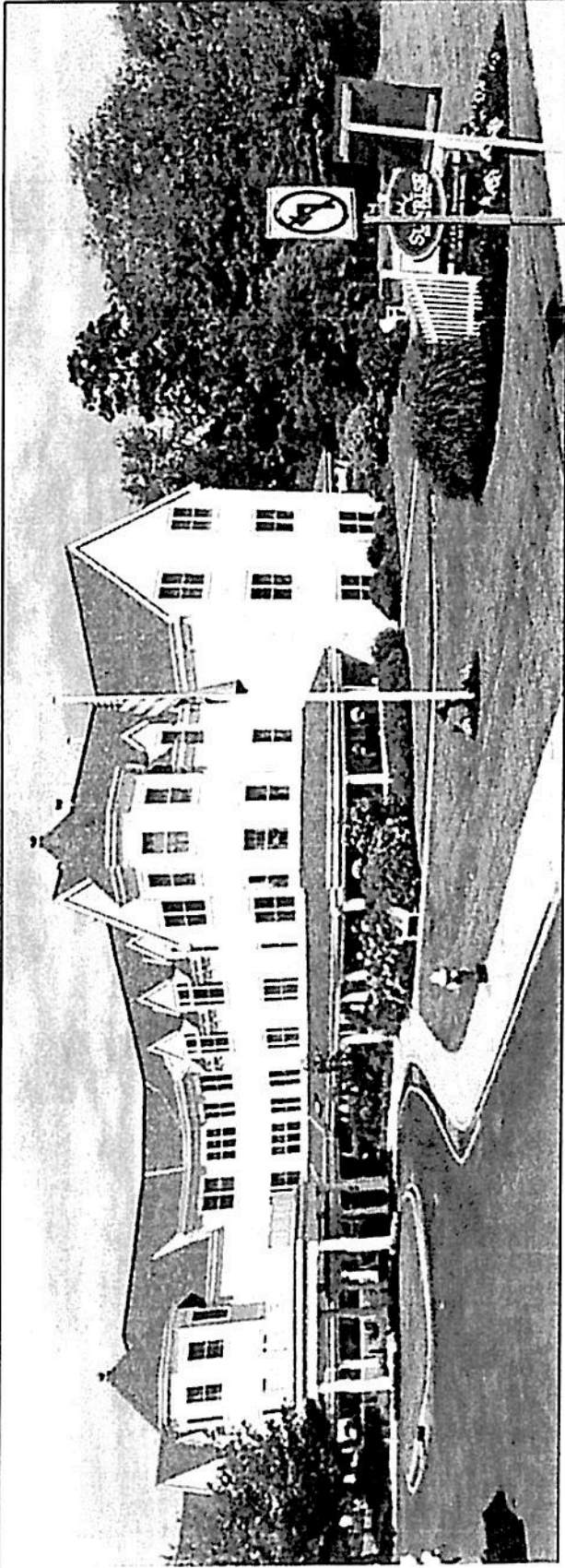
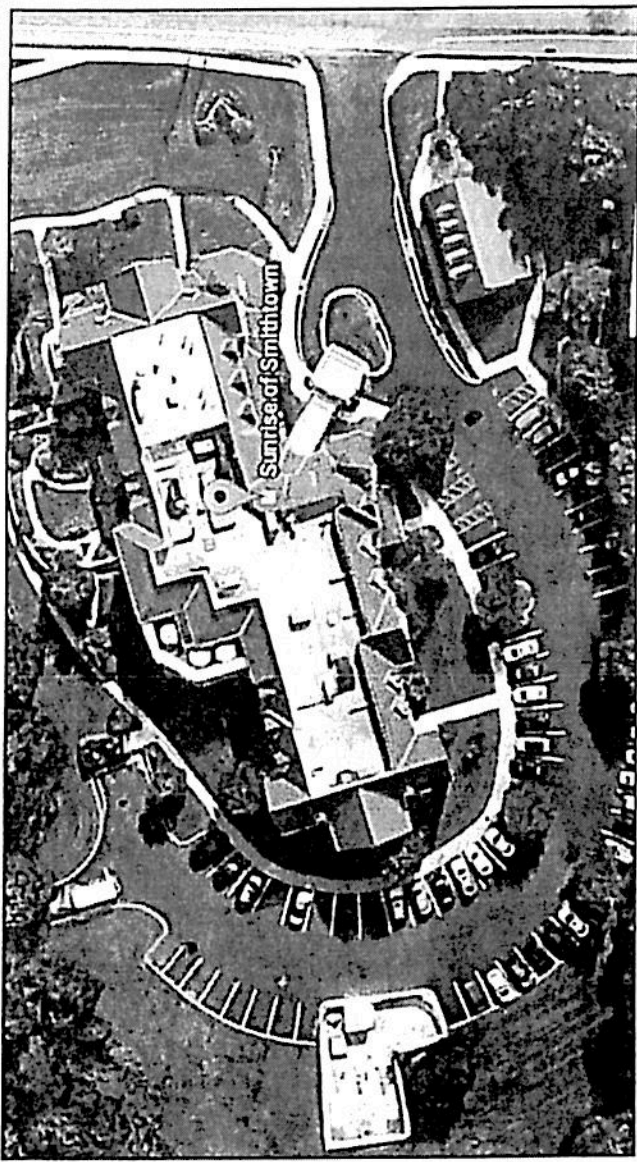
Year Opened 1999

Primary Payment Type Rent

Profit Status For Profit

Corporate Owner Sunrise Senior Living

Units 49 AL / 27 MC



APPENDIX

New York MSA



SEGMENTATION OF MSA SUPPLY

New York, NY
Top 100 MSAs

The New York MSA provides proportionately more NC and fewer IL, AL, and MC offerings than other top US MSAs.

MC segmentation strongly favors AL+MC communities while freestanding MC communities represent only 10% of MC supply.

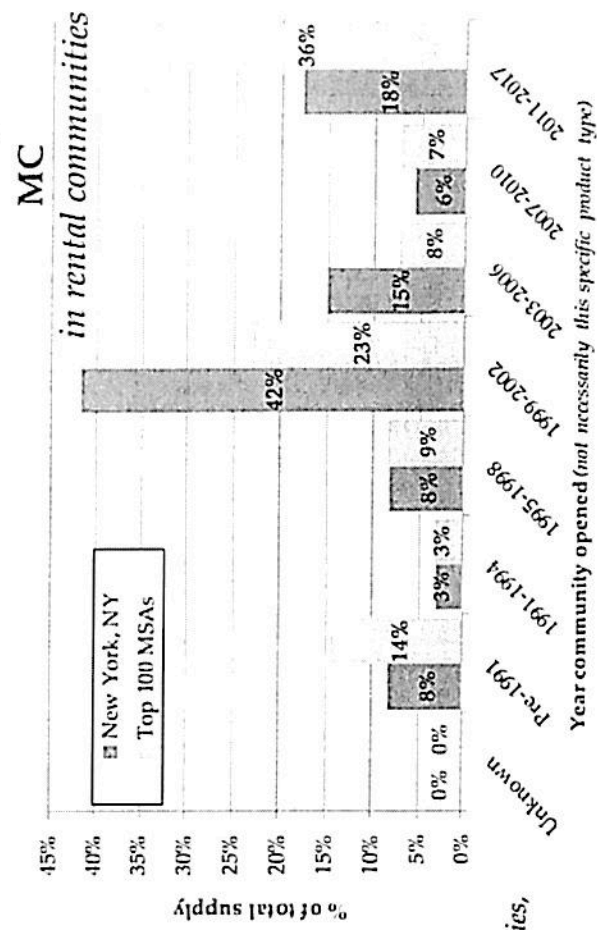
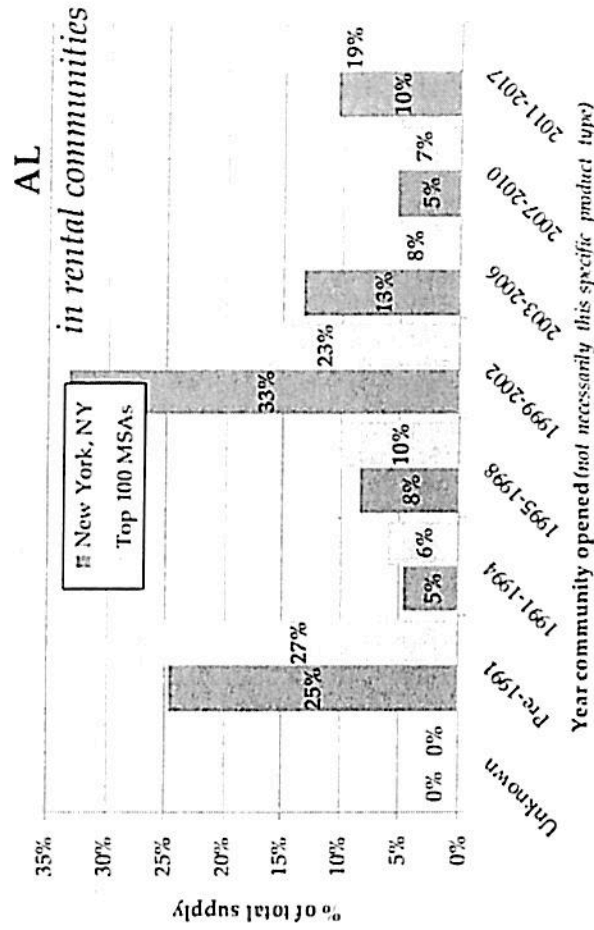
New York, NY		Units/ beds	% of total	Entry-fee	Units/ beds	% of product
Top 100 MSAs						
Total	132,501 1,694,397	IL	12,603 368,937	10% 22%		

Note: does not include units currently under construction

MSA SUPPLY AGE & OPERATORS - AL

 Top operators in MSA
Majority AL/MC

Majority AL (Rent) communities only	Property	Total AL		Total MC	
		units	Sum of all	units	Sum of all
Unknown Stakeholder	46	25	4043	287	4330
Sunrise Senior Living	38	77	2232	872	3104
Atria Senior Living	19	519	1461	319	1780
Brandywine Senior Living	15	55	1021	408	1429
Chelsea Senior Living	13	43	1020	285	1305
The Engel Burman Group	9	0	1072	215	1287
Brookdale Senior Living	8	0	610	134	744
The Bristol Assisted Living	3	0	379	170	549
The Arbors Assisted Living Resident	2	0	469	35	504
Brightview Senior Living LLC	3	0	207	79	286



Note: AL & MC are tallied for rental communities only because, in many entry fee communities, those products were later additions, making the "Year community opened" data misleading.

There were 24 recorded transactions over the last two years with a per-unit range of \$31,000 to \$915,000.

TRANSACTIONS

Property Name	City	IL Units	AL Units	MC Units	NC Units	Buyer Company Name	Seller Company Name	Sale Date	Close Price	Close Price Confidence	Price Per Unit Built
Saint Catherine's Convent and Healthcare	Caldwell	159	0	0	0		Caldwell Senior Citizens Hsg	5/11/2017	Estimated	Estimated	
Riverdale Manor Home for Adults	Bronx	0	256	0	0	0 Preferred Home Care of NY	Forestam Associates LLC	4/28/2017	15,000,000	Confirmed	58,594
Long Beach Assisted Living	Long Beach	110	0	0	0	0 Long Beach Assisted Living LLC	Hoffman Manor of Long Beach	2/1/2017	16,000,000	Approximat	145,455
Waterside Villas	Monroe Township	100	0	0	0	0 WV Ashbury LLC; AP Condos	MB 1Waterside Villas Holdings LLC	1/12/2017	19,200,000	Confirmed	192,000
Esplanade Manhattan	New York	143	0	19	0	0 Northwind Group	Esplanade Capital	12/5/2016	148,333,333	Approximat	915,638
The Knolls	Valhalla	120	10	0	0	20 Bethel Homes & Services		11/8/2016	Estimated	Estimated	2005
One Prospect Park West	Brooklyn	101	0	23	0	0 Sugar Hill Cap Ptnrs	Haysha Daitch	10/11/2016	84,000,000	Approximat	677,419
The Villa at Florham Park	Morristown	0	21	0	0	80 Villa at Florham Park Inc	Sisters of Charity/Saint Elizabeth	9/30/2016	15,784,000	Approximat	156,277
Genesis at Bay Lea Village	Toms River	0	49	0	120	Lindsay Goldberg	Welltower	9/30/2016	18,709,292	Approximat	110,706
Country House In Westchester Retirement	Yorktown Hts	88	0	0	0	0 Blue Vista Capital	Holladay Corporation	8/12/2016	14,741,931	Allocated	167,522
Solana Roseland	Roseland	0	59	26	0	PGIM Real Estate	Formation Capital	6/20/2016	29,845,577	Allocated	351,124
Regency At Glen Cove, The	Glen Cove	0	96	0	0	0 Glen Cove Industrial Development	Zephyr Management	6/8/2016	3,012,480	Approximat	31,380
The Oaks at Denville	Denville	285	34	0	84	Springpoint Senior Living	Catholic Health Initiatives	5/6/2016	Confirmed	Confirmed	1993
Kensington Court	Tinton Falls	0	118	0	0	0 Carlyle Group	TAK Group of Companies	3/31/2016	31,000,000	Approximat	262,712
The Chelsea at Fortgate	Monroe Twp	0	89	28	0	0 Welltower	Chelsea Senior Living	1/19/2016	31,000,000	Confirmed	264,957
Genesis at Bay Lea Village	Toms River	0	49	0	120	Welltower	PSP Investments	12/31/2015	10,914,914	Approximat	64,585
Brookside Assisted Living	Freshold	0	160	0	0	0 Silverstone Health Care RE	AEV Global	11/16/2015	Approximate	Approximate	2002
Williams Memorial Residence	New York	344	0	0	0	0 Brack Capital RE	Salvation Army	9/17/2015	108,750,000	Confirmed	316,134
Rosewood On The Sound	Bayville	0	28	0	0	0 Ardent Senior Living	Jones Fund For Support of Poo	8/28/2015	1,375,000	Approximat	49,107
Heritage Pointe of Teaneck	Teaneck	142	0	0	0	0 Carlyle Group	Lowe Enterprises	6/17/2015	39,100,000	Approximat	275,352
The Fountains at Millbrook	Millbrook	0	0	0	0	0 Northstar Healthcare	Arcapita Bank	6/17/2015	31,650,000	Approximat	182,948
The Fountains at RiverVue	Tuckahoe	0	0	0	0	0 Northstar Healthcare	Arcapita Bank	6/17/2015	37,400,000	Appraised	296,825
Kubasek Trinity Manor	Yonkers	129	0	0	0	0 Metropolitan Realty Group	L&M Dev Ptnrs	4/13/2015	17,550,000	Approximat	136,047
John Knox Homes	Neptune	50	0	0	0	0 Meridian Health	Township of Neptune Housing	3/3/2015	15,000,000	Approximat	300,000

GLOSSARY

<i>Acuity</i>	The frailty of a senior needing help. Higher acuity seniors require help with more ADLs.
<i>ADLs</i>	Activities of Daily Living, including dressing, bathing, and medications.
<i>AL</i>	Assisted living. Services include hands-on help with act
<i>Base rate</i>	Includes rent, meals, housekeeping, activities, and minimal care.
<i>Claritas</i>	Neilson-Claritas (demographic data vendor)
<i>Fully bundled</i>	Full rate including rent and all care charges
<i>GCM</i>	"Geriatric Care Manager," a professional advisor that assists seniors & families in choosing & managing care providers
<i>GMP</i>	Gross Metropolitan Product
<i>Home care</i>	Hourly employees that provide hands-on care within a senior's home
<i>IL</i>	Independent Living. Includes a centralized dining room but not hands-on care with ADLs.
<i>MC</i>	Memory Care, a variation of assisted living with a secured environment for Alzheimer's and other dementia
<i>NICMAP</i>	Data service of the National Investment Center for Seniors Housing & Care (nic.org)
<i>QCG100</i>	"Qualified caregiver," Households aged 45-64 with income \$100,000+
<i>QCG75</i>	"Qualified caregiver," Households aged 45-64 with income \$75,000+. "Caregiver" here refers to the senior's family, not an hired hourly employee providing hands-on care.
<i>QS35</i>	"Qualified senior," Households aged 75+ with income \$35,000
<i>QS50</i>	"Qualified senior," Households aged 75+ with income \$50,000
<i>SNF</i>	Skilled nursing facility. Offers 24-hour licensed nurses. SNFs typically offer both high-reimbursing rehab services and lower-reimbursing long-term-care, the latter often reimbursed through Medicaid.

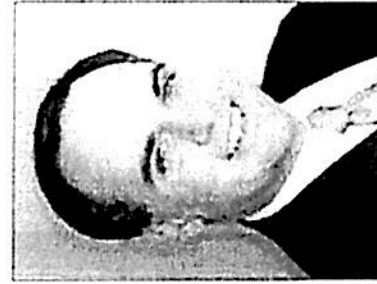
SHA PROFESSIONALS



**Phil Downey,
Principal**
Phil has played a seminal role in the birth and maturation of the American seniors housing industry and was a pivotal leader in the national rollout of

multi-brand businesses for Sunrise and Marriott. While with Sunrise and Marriott he directed product development, market selection/location strategy, and project-specific market analysis initiatives resulting in the creation and roll-out of over \$2 billion of multi-branded seniors housing communities in all major markets in the U.S. & Canada.

He has also served as Chairman of the American Seniors Housing Association as well as on executive committees in the Assisted Living Federation of America and the National Investment Center for the Senior Living Industries. He has been guest faculty at the Erickson School of Aging at the University of Maryland, Baltimore County. Phil holds a BA from the University of Illinois, and a Masters in City and Regional Planning from Rutgers University.



**Larry Rouvelas,
Principal**
Larry has unusually broad experience in senior housing with roles at Sunrise Senior Living ranging from operations to development to

finance to sales & marketing. He was the Executive Director of an assisted living community, among other operations roles. At various times, he also assessed feasibility of real estate developments, sold corporate subsidiaries, and strengthened sales productivity.

Among senior housing activities, he led the rewrite of the Real Estate Development section of "The Investment Case for Senior Housing," published by the industry's primary financier group, the National Investment Center for Seniors Housing & Care Industry (NIC). Prior to Sunrise, he was a consultant at McKinsey & Co. He has a BA from Yale College and an MBA from Harvard Business School.



**Stephanie Anglin,
Partner**
Stephanie has wide-ranging experience in both seniors housing and consulting with a focus on finance and

development.

Prior to SHA, she was a Vice President at Sunrise Senior Living in both the Development and the Capital Groups. She led the negotiation and structuring of joint venture deals with institutional investors as well as the closing of tens of millions of dollars of transactions into development portfolios which included the coordination of development, debt, and operations teams.

She also worked closely with market feasibility, finance and operations personnel on the successful scaling up of the Sunrise development pipeline.

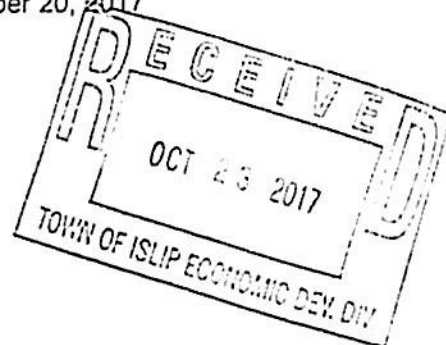
Prior to Sunrise, she was a Senior Manager at PricewaterhouseCoopers. She has an MBA from Columbia Business School and a BBA from The College of William and Mary.

International Brotherhood of Electrical Workers Nassau-Suffolk Counties Letter, dated
October 20, 2017



INTERNATIONAL BROTHERHOOD
OF
ELECTRICAL WORKERS
Nassau-Suffolk Counties

October 20, 2017



Mr. William Mannix
Director of Economic Development
Town of Islip
Town Hall
40 Nassau Ave
Islip, NY 11751

Dear Mr. Mannix,

I am writing on behalf of Benchmark Senior Living, an organization that will greatly benefit the community by providing a much needed assisted living facility to the Great River Planned Development District. The project will be located between Sunrise Highway, Connetquot Ave, Montauk Highway and Wheeler Road. Benchmark Senior Living's project will provide over 200 construction jobs during development and 70 full-time employee positions once fully occupied.

Benchmark Senior Living currently operates 54 communities throughout New England and over the past five years has begun to expand to Long Island to help satisfy the growing assisted living demand. Benchmark has its first project under construction in Smithtown, NY and it is scheduled to open in Spring 2018. Their second project is located in Westbury, NY and is scheduled to break ground in November 2017 with projections to open in Winter 2019. Great River, NY would make an excellent third location for a Benchmark Senior Living facility. This facility will help mollify the need for assisted living for Town of Islip residents.

As the Baby Boomer generation continues to age, it is critical for us to provide local and comfortable places for them and our existing seniors to live. Benchmark Senior Living would provide the Town of Islip with a beautiful facility that our senior community can call home.

I urge you to seriously consider providing Town of Islip IDA financing for this vital project.

Thank you very much for your prompt attention to this matter.

Sincerely,

I.B.E.W., LOCAL #25

Kevin B. Casey
Business Manager

KBC/dc

New York Law Journal Article, dated March 22, 2017 on Eligibility of Residential Developments for IDA Benefits by Anthony Guardino, Esq.

New York Law Journal

Real Estate Trends

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ZONING AND LAND USE PLANNING

Eligibility of Residential Developments for IDA Benefits

By
Anthony S.
Guardino



It has been nearly 50 years since the New York State Legislature enacted legislation authorizing industrial development agencies (IDAs) for the purpose of promoting economic development. Now, towns, cities, and counties throughout the state have created their own IDAs under General Municipal Law (GML) Article 18-A (the IDA Act) and use them to encourage—and to financially assist—a wide variety of real estate developments, often to great success.

In many instances, however, an IDA's efforts are met with objections, both in and out of court. Recently, for example, tax benefits afforded by a town's IDA to the Green Acres Mall on Long Island aroused community criticism, and led New York State Comptroller Thomas DiNapoli to announce that he would audit the IDA to determine its compliance with policies and procedures related to its approval of the project.

There also continues to be disputes over the scope of projects that may receive IDA benefits. Last August, the Supreme Court, Seneca County, rejected a challenge to a decision by the Seneca County IDA to provide tax benefits for a casino being built in the county. *Nearpass v. Seneca County Industrial Development Agency*, 53 Misc. 3d 737 (Sup.Ct. Seneca Co. 2016). The petitioners argued that the casino was not a project defined in the IDA Act and, therefore, that it was ineligible for IDA benefits. They pointed out, among other things, that when the IDA Act first was enacted, casinos were prohibited in New York, and after casinos were allowed by amendment to the New York Constitution, the IDA Act was not amended to include casinos as a project entitled to IDA benefits.

The court was not persuaded and decided, instead, that the casino facility was a commercial project under the IDA Act and, in particular, that it also was a recreation facility within the purview of GML Section 854(9).

Perhaps more surprising than a dispute over the eligibility of a casino to receive IDA benefits was a recent court case that asked whether a residential development could qualify for IDA benefits—an issue of statewide significance. In *Matter of Ryan v. Town of Hempstead Industrial Development Agency*, Index No. 5324/16 (Sup.Ct. Nassau Co. Jan. 27, 2017), the Supreme Court, Nassau County, held that a residential apartment building project fell within the definition of a project for which IDA benefits may be granted.

After first providing background on the IDA Act, this column will discuss the court's decision in *Matter of Ryan* and its implications.

The IDA Act

When the legislation governing the creation, organization, and powers of IDAs in New York State was enacted in 1969, it provided that its general purpose was "to promote the economic welfare of [the state's] inhabitants and to actively promote, attract,

ANTHONY S. GUARDINO is a partner with Farrell Fritz in the firm's Hauppauge office.

encourage and develop economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration." This intent was further evidenced by the original provision of GML Section 858, which provided that:

The purposes of the agency shall be to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the state of New York and to improve their standard of living.

The decision by the Nassau County Supreme Court in *Matter of Ryan* provides confirmation that residential developments are eligible to receive industrial development agency benefits.

In approving the bill, then-Governor Nelson Rockefeller noted that "industrial development agencies provide one means for communities to attract new industry, encourage plant modernization and create new job opportunities." McKinney's 1969 Session Laws, Vol. 2, p. 2572.

The original legislation has been amended a number of times since 1969 to broaden the scope of permissible IDA activities. For example, the definition of project was expanded to specifically include construction of industrial pollution control facilities (L 1971, ch 978), winter recreation facilities and then recreation facilities generally (L 1974, ch 954; L 1977, ch 630), horse racing facilities (L 1977, ch 267), railroad facilities (L 1980, ch 803) and educational or cultural facilities (L 1982, ch 541).

As noted above, however, it has not been amended to specifically include casinos. And it also does not specifically include residential developments.

In 1985, however, the New York state comptroller's office was asked by the village attorney for the village of Port Chester whether construction of an apartment complex was a commercial purpose within the meaning of GML Section 854(4) and, thereby, whether it was a proper project for industrial development bond financing. In response, the Comptroller issued Opinion No. 85-51, 1985 N.Y. St. Comp. 70 (Aug. 16, 1985) (the "comptroller's opinion").

In the comptroller's opinion, the comptroller's office explained that, at its inception, the IDA Act's primary thrust was to promote the development of commerce and industry as a means of increasing employment opportunities.

The comptroller's opinion then reasoned that for an apartment complex to qualify as an eligible project under Article 18-A, it had to promote employment opportunities and prevent economic deterioration in the area served by the IDA.

The comptroller's opinion added that the comptroller's office was "not in a position to render an opinion" as to whether a project that consisted of the construction of an apartment complex was a commercial activity within the meaning of Article 18-A. Rather, it continued, such a determination "must be made by local officials based upon all the facts relevant to the proposed project."

Any such determination, the comptroller's opinion concluded, had to take into account the stated purposes of the IDA Act: "the promotion of employment opportunities and the prevention of economic deterioration."

When this issue reached the court in *Triple S. Realty v. Village of Port Chester*, Index No. 22355/86 (Sup. Ct. Westchester Co. Aug. 19, 1987), the Westchester County Supreme Court held that residential construction may be eligible for industrial development agency benefits if such construction "would increase employment opportunities and prevent economic deterioration in the area served by the IDA."

The decision by the Nassau County Supreme Court in *Matter of Ryan* provides further confirmation that

residential developments certainly are eligible to receive IDA benefits.

'Matter of Ryan'

The case arose after the Town of Hempstead Industrial Development Agency (TOHIDA) granted financial and tax benefits and assistance to Renaissance Downtowns UrbanAmerica, with respect to the construction of a new 336-unit residential apartment complex in the village of Hempstead on Long Island. That was Phase 1 of a multi-phase revitalization project that was planned to include additional mixed-use buildings and parking facilities.

The financial benefits and assistance granted by the TOHIDA included:

- exemptions from mortgage recording taxes for one or more mortgages;
- securing the principal amount not to exceed \$70 million;
- a sales and use tax exemption up to \$3.45 million in connection with the purchase/lease of building materials, services, or other personal property for the project; and
- abatement of real property taxes for an initial term of 10 years pursuant to a payment in lieu of taxes (PILOT) agreement.

Six petitioners, including a trustee for the village of Hempstead, challenged the TOHIDA's resolution in an Article 78 proceeding, arguing that an IDA could not grant benefits

for a project that was residential, either in whole or in part, in nature.

For their part, the respondents contended that the development of a residential rental building fell within the ambit of the statutory definition of a project entitled to receive an IDA's financial assistance and benefits in that it promoted "employment opportunities" and prevented "economic deterioration" in the area served by the IDA.

The court agreed with the respondents and dismissed the petition.

In its decision, the court noted that the comptroller's opinion had observed that the determination of whether construction of an apartment complex was a commercial activity within the meaning of the IDA Act had to be made by local officials based on facts relevant to the proposed project.

The court then pointed out that the TOHIDA had approved Renaissance's application for assistance with respect to the first phase of the revitalization project based on the TOHIDA's findings, that, among other things:

- the town of Hempstead was in need of attractive multi-family housing to retain workers in the town and attract new business;
- a healthy residential environment located in the town was needed to further economic growth;
- there was a lack of affordable, safe, clean multi-family housing within the town; and

- the facility would provide the nucleus of a healthy residential environment, and would be instrumental and vital in the further growth of the town.

Moreover, the court continued, the TOHIDA also found that the development of the first phase of the facility would "promote and maintain the job opportunities, health, general prosperity and economic welfare" of the town's citizens and "improve their standard of living."

Given that the project promoted employment opportunities and served to combat economic deterioration in the area served by the TOHIDA, the court upheld the TOHIDA's decision as rationally based and not arbitrary or capricious, an abuse of discretion, or an error of law.

Conclusion

IDA benefits can play an important role in real estate development. For nearly five decades, they have benefited New Yorkers in numerous situations. As the comptroller's office and the courts have recognized, a project—including a residential project—that demonstrates that it promotes employment opportunities and prevents economic deterioration is eligible to receive IDA benefits.

Ryan et al. v. Town of Hempstead Industrial Development Agency et al.

SHORT FORM ORDER

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

P R E S E N T : HON. JEFFREY S. BROWN
JUSTICE

-----X TRIAL/IAS PART 13
In the Matter of DONALD L. RYAN, FLAVIA
IANNACONE, JAMES DENON, JOHN M. WILLAMS,
REGINAL LUCAS and ROBERT DeBREW, JR.,

Petitioners,

Mot. Seq. 1
Mot. Date 9.13.16
Submit Date 11.17.16

For A Judgment Pursuant to Article 78 of the New York
Civil Practice and Rules,

XXX

-against-

TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT
AGENCY, RENAISSANCE DOWNTOWNS
URBANAMERICA, LLC, and RDU A PARCEL 1 LLC,

Respondents.
-----X

The following papers were read on this motion:

Papers Numbered

Notice of Petition, Affidavits, Exhibits, Memorandum Annexed.....	1,2
Verified Answers.....	3,4,5
Opposing Affidavits.....	6,7,8,9,10,11,12
Reply Affidavits.....	13, 14
Sur-Reply Affidavit.....	15
Hearing Record (3 Vols.).....	16

Application by petitioners pursuant to Article 78 to invalidate as *ultra vires* and to void the May 18, 2016 resolution passed by the Town of Hempstead Industrial Development Agency (TOHIDA) is decided as hereinafter provided.

In this Article 78 proceeding, petitioners seek to invalidate the resolution passed by respondent TOHIDA on May 18, 2016, which granted financial and tax benefits and assistance to respondent Renaissance Downtowns UrbanAmerica, LLC (Renaissance) *vis-a-vis* construction of a new 336 unit residential apartment complex on the northwest corner of the intersection of Washington and Front Streets (Phase I of the multi-phase Village of Hempstead downtown revitalization project¹ which was planned to include additional mixed use buildings/parking facilities). The Phase I property was a tax exempt Village property for at least 50 years until December 15, 2015 when it was acquired by respondent Renaissance.

The financial benefits and assistance granted include:

exemptions from mortgage recording taxes for one or more mortgages securing the principal amount not to exceed \$70,000,000;

sales and use tax exemption up to \$3,450,000 in connection with the purchase/lease of building materials, services or other personal property for the project;

abatement of real property taxes for an initial term of ten years pursuant to Payment in Lieu of Taxes Agreement (PILOT).

Based on the theory that the resolution was affected by an error of law, i.e., that residential apartment buildings are not included in the type of project or facility that is eligible for financial assistance under the General Municipal Law Article 18-A (Industrial Development Act [the IDA or the Act]), petitioners seek to invalidate the subject resolution as *ultra vires*/void.

In opposition, respondents first seek dismissal of the petition based on its alleged multiple fatal flaws including petitioners' lack of standing; failure to raise the *ultra vires* issue in the administrative proceeding before respondent TOHIDA; and failure to serve the attorney general in accordance with CPLR 7804(e).

The alleged flaws are not fatal and do not provide a basis for dismissal. Petitioners have standing to maintain an action for equitable or declaratory relief under State Finance Law § 123-b *vis-a-vis* the issue of whether the project herein falls within the definition of a "project" for which IDA benefits may be granted (see *Nearpass v Seneca County Idus. Dev. Agency*, 52 Misc 3d 533 [Sup Ct, Seneca County 2016 Falvey, J.]; *Dudley v. Kerwick*, 52 NY2d 542 [1981]; cf.

¹The development as outlined in the Appraisal Report (Exhibit "2" to the Petition) was approved in a unanimous 5-0, bi-partisan vote by the Village of Hempstead Board. It includes the construction of, among other things: residential units, structured parking, retail space, medical office building, mixed used artist loft with grade and basement level supermarket, surface parking office space, senior independent living apartment building, hotel and restaurant space.

Kadish v. Roosevelt Raceway Assoc., 183 AD2d 874, 875 [2d Dept 1992] [no standing under State Finance Law § 123-b (1) to challenge financing and acquisition of property by TOHIDA through bond issuance because statute specifically excludes bond issuance by a public benefit corporation). Further, the *ultra vires* issue was, in fact, raised in the administrative proceeding before respondent TOHIDA (Record: Vol, 3 Tab 25, pp 113-114), and the Nassau County Regional Office of the New York State Attorney General rejected service of the petition on the ground that the office did not represent respondent TOHIDA.

In further support of its dismissal, movants argue that the petition fails to state a viable cause of action as it is based on the false premise that an Industrial Development Agency may not grant benefits for a commercial project that is residential, either in whole or in part, in nature.

For the reasons which follow, the petition must be dismissed.

Pursuant to General Municipal Law § 858, an Industrial Development Agency

“shall be to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities . . . and thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their recreation opportunities, prosperity and standard of living.”

An Industrial Development Agency is thus a “governmental agenc[y] or instrumentalit[y] created for the purpose of preventing unemployment and economic deterioration (General Municipal Law § 852) and to “provide one means for communities to attract new industry, encourage plant modernization and create new job opportunities” (Governor’s Mem., 1969 McKinney’s Session Laws of N.Y. at 2572).

According to respondents, the development of a residential rental building falls within the ambit of the statutory definition of a project,² entitled to financial assistance and benefits, as set forth in § 854(4) of the General Municipal Law in that it “promotes employment opportunities and prevents economic deterioration in the area served by the industrial development agency” (Opns. St. Comp. No. 85-51 [N.Y.S. Cptr., 1985 WL 25843]).

In the opinion of the State Comptroller, the determination of whether construction of an apartment complex is a commercial activity within the meaning of the statute must be made by

²As set forth in § 854(4) the term “project” is broadly defined to include, in relevant part, “any land, any building or other improvement, and all real and personal properties located within the state of New York and within or outside or partially within and partially outside the municipality for whose benefit the agency was created. . . .”

local officials based upon facts relevant to the proposed project (*Id.* ["Local officials must determine, based upon all the relevant facts, whether construction of an apartment complex will promote employment opportunities and prevent economic deterioration. . . ."]). Respondents argue that TOHIDA acted within the scope of its authority in resolving to provide IDA assistance to the project since it would promote job creation and growth in a distressed area of the Village of Hempstead and serve as the first physical manifestation of the Village's Downtown Revitalization plan and a catalyst for future phases.

Here, the record establishes that a duly noticed public hearing was held regarding respondent Renaissance's application for TOHIDA assistance with respect to the first phase of the \$2.5 billion Hempstead Revitalization project for which site plan approval was already in place and a building permit issued. The resolution was granted based on respondent TOHIDA's findings, that, among other things:

- (a) The Town of Hempstead is in need of attractive multi-family housing to retain workers in the Town and attract new business;
- (b) a healthy residential environment located in the Town of Hempstead is needed in order to further economic growth;
- (c) there is a lack of affordable, safe, clean multi-family housing within the Town of Hempstead;
- (d) the facility will provide the nucleus of a healthy residential environment, and will be instrumental and vital in the further growth of the Town of Hempstead.

Respondent TOHIDA also found that:

the acquisition, construction and equipping of the Phase I Facility will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the Town of Hempstead and the State of New York and improve their standard of living and thereby serve the public purposes of the Act;

the project conformed with local zoning laws and planning regulations of the Town of Hempstead; and

the project will not have a significant effect on the environment as determined in accordance with Article 8 of the Environmental Conservation Law and regulations promulgated thereunder.

The allegations proffered in opposition to the resolution, regarding traffic congestion; additional garbage/sewage; additional burden of increased student population in an already overcrowded/underfunded school district; burden of increased financial costs of municipal services to support increased population, are speculative and lack merit in the face of reasoned evaluation of the project by respondent TOHIDA as set forth in the record. As stated in the affidavit of Wayne J. Hall, Sr., Mayor of the Incorporated Village of Hempstead and Chairman of the Village Community Development Agency:

"the IDA benefits awarded to Renaissance for this particular Phase I of the development are critically important to the revitalization of the Village of Hempstead's downtown area, and are essential to the twin goals of preventing any further physical and economic deterioration of the area, as well as promoting employment opportunities to the Village."

As stated in the Socio-Economic Impact of the Village of Hempstead's Revitalization Plan report, dated March 31, 2016, (Exhibit "A" to the Affidavit of Donald Monti in Opposition to Petition):

"Upon completion, the overall revitalization of the Village of Hempstead will have generated an estimated \$4 billion in economic activity, comprised of economic activity during and after the construction period.

Nearly \$3 billion of primary and secondary economic activity will be generated from construction of the development encompassing 5 million square feet, comprising 2.8 million square feet of 3,500 residential units and 2.2 million square feet of mixed use, retail, hospitality, office and other commercial uses.

This will result in new socio-economic improvements to the Village of Hempstead that will provide much needed housing for Long Island's young professionals and active adults, and create during the construction period as many as 22,000 temporary construction and secondary jobs generating nearly \$1.4 billion in wages.

When completed, the revitalization will create approximately 6,000 permanent and 4,500 secondary jobs generating \$498 million in wages of which 1,500 of the permanent jobs generating \$125 million in wages projected to be held by Village of Hempstead residents. Thus, in total, the construction activity and resulting permanent jobs and their related secondary economic impacts are expected to generate nearly \$4 billion in primary and secondary economic impact, and over the 20 year PILOT period \$142 million in new county, town, school and village property taxes, and \$43.5 million in new county sales taxes."

In reviewing the actions of an administrative agency, courts must assess whether the determination was the result of an error of law or was arbitrary, capricious, or an abuse of discretion such that the actions at issue were taken without sound basis in reason and without regard to the facts (*Matter of County of Monroe v Kaladjian*, 83 NY2d 185, 189 [1994], citing *Matter of Pell v Bd. of Educ.*, 34 NY2d 222, 231 [1974]; *Akpan v Koch*, 75 NY2d 561, 570-71 [1990]; *Matter of Calvi v Zoning Bd. of Appeals of the City of Yonkers*, 238 AD2d 417, 418 [2d Dept 1997]). The agency's determination need only be supported by a rational basis (*Matter of County of Monroe v Kaladjian*, *supra*; *Matter of Jennings v Comm. N.Y. Dept. of Social Svcs.*, 71 AD3d 98, 108 [2d Dept 2010]). If the determination is rationally based, a reviewing court may not substitute its judgment for that of the agency even if the court might have decided the matter differently (*Matter of Savetsky v Zoning Bd. of Appeals of Southampton*, 5 AD3d 779, 780 [2d Dept 2004]; *Matter of Calvi v Zoning Bd. of Appeals of the City of Yonkers*, *supra*). It is not for the reviewing court to weigh the evidence or reject the choice made by the agency where the evidence conflicts and room for choice exists (*Matter of Calvi v Zoning Bd. of Appeals of the City of Yonkers*, *supra*, citing *Toys "R" Us v Silva*, 89 NY2d 411, 424 [1996]; *Akpan v Koch*, *supra*).

The record at bar establishes that in adopting the challenged resolution following a public hearing, review of Renaissance's application, and the environmental effects, respondent TOHIDA did not act in excess of its jurisdiction or beyond the scope of its authority; i.e., *ultra vires*. Nor was TOHIDA's decision after review of all of the circumstances to adopt the resolution finding that the Phase I facility constituted a "project" under the IDA affected by an error of law as would warrant relief under Article 78.

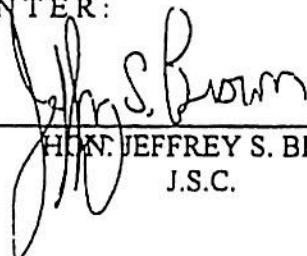
Where, as here, the project at issue promotes employment opportunities and serves to combat economic deterioration in an area served by an industrial development agency, a finding that the project falls within the ambit of the IDA is rationally based; neither arbitrary or capricious or an abuse of discretion, nor an error of law.

Accordingly, the petition is denied and the proceeding is hereby dismissed.

This constitutes the decision and order of this court. All applications not specifically addressed herein are denied.

Dated: Mineola, New York
January 25, 2017

ENTER:



HON. JEFFREY S. BROWN
J.S.C.

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EXHIBIT C

Agency's Uniform Tax Exemption Policy



TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

UNIFORM TAX EXEMPTION POLICY

The Town of Islip Industrial Development Agency (TOIIDA) provides financial assistance (tax-exempt or taxable bonds and/or straight lease transactions) for projects which promote the economic growth and health of Islip Town and the Long Island region. TOIIDA provides financial assistance to all projects and facilities as defined in Title I of Article 18A of the General Municipal Law. These projects and facilities include, but are not limited to: industrial, manufacturing, research and development, warehousing, commercial, office, recreation and civic facilities. Also included are: affordable housing, senior housing, assisted living facilities, brownfield redevelopment projects and projects that eliminate commercial blight. Certain retail projects are included (those that are in conformance with Sec. 862 of the NYS GML, those that are part of a mixed use downtown redevelopment plan and those that involve the elimination of community blight).

All projects receiving financial assistance through TOIIDA are eligible for various tax exemptions and abatements.

I. REAL PROPERTY TAXES

- A. **Real Property Tax Abatement:** TOIIDA provides real property tax abatements in the form of reduction of existing taxes and/or freezing existing taxes and/or abating the increased assessment (value added) as a result of the project. Real property tax abatements may be structured in the form of fixed annual payments with or without scheduled increases over a period of time or in the form of abatements of the increased assessment that results from the project over a period of time or in the form of reduction of the existing taxes with a phase in back to the original tax level over a period of time.

Each project is reviewed and evaluated on a case by case basis. The Agency review utilizes criteria that measure the projects level of significance and/or strategic value and/or impact upon the Town of Islip at both the micro and macro level as well as upon Long Island as a Region and/or the State economy.

As a general rule, the term of the real property tax abatement is ten years. The basic real property tax abatement provided by the TOIIDA is based upon the equivalent of Section 485-b of the New York State Real Property Tax Law. This section provides for a 50% real property tax abatement on the increased assessed value in the first year; 45% real property tax abatement in the second year; 40% abatement in the third year and thereafter declining 5% per year over a ten year period. A 485-b real property tax abatement is the minimum that TOIIDA provides. An enhanced real property tax abatement is considered and/or provided under the following circumstances:

1. **Existing Vacant Facilities & Brownfields:** In order to encourage "reuse" and upgrading of existing building stock and environmentally damaged properties commonly referred to as brownfields, TOIIDA may provide an enhanced real property tax benefit and abatement for projects involving vacant existing facilities and brownfields. The benefits may include freezing or reducing the assessment base of the pre-improved facility and granting of abatements that are equivalent of double the benefits provided by Section 485-b of the Real Property Tax Law. These abatements will consist of a 100% abatement on the increased assessed value in the first year; a 90% abatement in the second year; and 80% abatement in the third year and thereafter declining 10% per year over a ten year period.
2. **Significant/Strategic Projects:** TOIIDA may provide enhanced real property tax abatements (double 485-b) to projects that are considered significantly and strategically important to the economic well being of Islip Town and the Long Island region. Provision of an enhanced real property tax abatement would be considered for high-tech and biomedical manufacturing; research and development; computer and data processing facilities; financial (back office) operations; professional services industry; corporate, national or regional headquarters; and projects deemed significant to the revitalization of distressed communities. Each project eligible for enhanced property tax abatement is evaluated pursuant to the guidelines/criteria contained in Attachment 1.
3. **Projects within the boundaries of the former Empire Zone:** TOIIDA provides enhanced real property tax abatement to projects located within the boundaries of the former State designated Empire Zone. The enhanced property tax abatement consists of a 100% abatement on the increased assessed value for the first 5 years; 90% in year 6; 80% in year 7 and thereafter declining 10% per year through year 14.
4. **Housing projects:** For qualified housing projects (affordable housing, senior housing, assisted living facilities) that provide a public benefit in accordance with the Town of Islip Comprehensive Plan and related Planning Department studies, TOIIDA may set flat PILOT payments on a per unit, per year basis. The length and terms of these agreements will be determined on a case-by-case basis, based upon such factors as affordability, market conditions & the extent of public subsidies and participation in the project.
5. **Civic Facilities (Not-for-Profits):** TOIIDA provides property tax exemption for projects owned by 501(c)(3) corporations, equivalent to the exemption (100%) these not-for-profit corporations would receive under the RPTL, absent the involvement of the agency. For projects leased by 501(c)(3) corporations, TOIIDA provides a 100% abatement on any improvement to real property for the term of the lease, as long as the facility is used exclusively for, and in furtherance of, their 501(c)(3) mission.
6. **Blighted Commercial Properties:** TOIIDA may provide enhanced property tax abatements (double 485-b) for projects that eliminate community blight as defined in Chapter 6A, Article II of the Islip Town Code.
7. **Mixed Use properties in Downtown Commercial Corridors:** TOIIDA may provide enhanced real property tax abatements (double 485-b) for projects on which a combination of residential and commercial construction work is performed to create a building used for mixed residential and commercial purposes. Such projects must

be located within proscribed downtown corridors as contained in the Suffolk County Industrial and Commercial Incentive Board Plan adopted in 1999, as amended and/or those projects governed by Chapter 68 of the Town Code known as Downtown Development Districts and Business Districts.

8. **Town and/or other Municipally Owned Property:** Property owned by the Town of Islip and/or another municipal entity that is sold and/or leased to a private developer and/or private company may qualify for a 100% abatement and/or an enhanced abatement for periods up to 15 years. However, no village taxes will be abated in any PILOT Agreement entered into under this provision.
 9. **Large Employment Generators:** Projects that create or retain 500 jobs or more may qualify for tax abatements for periods of up to 20 years. For new construction, this would be in the form of a 100% abatement the first year and declining 5% per year for 20 years. For existing buildings, the benefits may include reducing existing real property taxes and/or freezing the real property tax base and/or granting real property tax abatements on the increased value that result from the project for periods up to 20 years.
- B. **Projects in Foreign Trade Zone:** For projects located within Islip's Foreign Trade Zone, all payments are made pursuant to land lease with the Town of Islip's Foreign Trade Zone Authority.
- C. **Recapture of Benefits:** Projects that receive enhanced real property tax abatements are subject to the recapture of benefits pursuant to the following schedule:

Within 1 year	100%
Within 2 years	100%
Within 3 years	50%
Within 4 years	25%
After 4 years	0%

The above term period is from the effective date of the PILOT Agreement. Imposition of any recapture is at the sole discretion of the TOIIDA and is reviewed/considered on a case by case basis. Reasons for the recapture of benefits include the following:

1. Sale or closure of the facility and departure of the company from the Long Island region.
 2. Significant change in the use of the facility and/or the business activity of the company.
 3. Significant employment reductions not reflective of the company's (normal) business cycle and/or local and national economic conditions.
- D. **Deviations from Policy:** TOIIDA reserves the right to deviate from its uniform real property tax abatement policy under special/extraordinary circumstances. Deviations can take the form of providing less or more in the way of real property tax abatements. These deviations would be done by reducing or increasing the percentage of the annual abatement, or by reducing or increasing the term of the PILOT Agreement, or by doing a combination of both. Provision of less in the way of real property tax abatements is applicable to projects that are subsequent phases of a previously TOIIDA financed, multi-phased project and/or TOIIDA determines that the benefit provided by these projects merits a reduced level of incentive

(cost). Provision of more in the way of real property tax abatements is applicable to projects that are considered extremely significant and vital to the economic health and well-being of Islip Town and the Long Island Region. Any applicant may apply in writing to TOIIDA for increased real property tax abatement benefits setting forth reasons for a proposed deviation from the uniform policy. Such requests should set forth specific data and information which would cause TOIIDA to deviate from its uniform policy focusing, in whole or part, on the guidelines and criteria set forth in Attachment 1 hereto. Each time TOIIDA propose to deviate from its uniform real property tax abatement policy, it will provide written notification with any explanation for the deviation to the chief executive officer of each affected taxing jurisdiction.

II. SALES TAX EXEMPTIONS

- A. **Eligible Expenses:** TOIIDA provides sales tax exemptions on all materials and/or equipment used or incorporated into the project during the initial construction/renovation and equipping of the project. TOIIDA does not provide sales tax exemption for ongoing expenses after the project is completed.
- B. TOIIDA executes a sales tax exemption agreement with the project occupant that contains an expiration date for the continued availability of sales tax exemptions. The expiration date is based upon the anticipated project completion date. Should the project not be complete by the expiration date, the project occupant must request an extension of the expiration date from TOIIDA.
- C. **Reporting Requirements:** Project occupants (agents) are required to annually file a statement of the value of all sales tax exemptions claimed for the year to the New York State Department of Taxation and Finance. TOIIDA requires that each project occupant (agent) provides the Agency with a copy of that annual filing.
- D. **Deviations from Policy:** TOIIDA reserves the right to deviate from its uniform sales tax exemption policy under special/extraordinary circumstances. Deviations can take the form of providing less or more in the way of sales tax exemptions. These deviations would be done by reducing the full sales tax exemption to a partial sales tax exemption for the initial project completion period or by extending the term of the sales tax agreement to include ongoing operating expenses. Provision of less in the way of sales tax exemption is applicable to projects that are subsequent phases of a previously TOIIDA financed multi-phase project and/or TOIIDA determines that the benefit provided by these projects merits a reduced level of incentive (cost). Provision of more in the way of sales tax exemption is applicable to projects that are considered extremely significant and vital to the economic health and well-being of Islip Town and the Long Island region. Any applicant may apply in writing to TOIIDA for increased sales tax exemptions setting forth reasons for a proposed deviation from the uniform policy. Such request should set forth specific data and information which would cause TOIIDA to deviate from its uniform policy focusing, in whole or in part, on the guidelines and criteria set forth in Attachment 1 hereto. Each time TOIIDA deviates from its uniform sales tax exemption policy, it will provide written notification, with an explanation for the deviation, to the chief executive officer of each affected taxing jurisdiction.

III. MORTGAGE RECORDING TAX

All TOIIDA assisted projects are eligible for exemption from the mortgage recording tax

- A. **Project Related Financing:** Financing secured by a mortgage which is directly related to the project is exempt from the mortgage recording tax
- B. **Non-Project Related Financing:** Financing secured by a mortgage which is not directly related to, or a part of, the project, are not eligible for exemption from mortgage recording tax.
- C. **Deviations from Policy:** TOIIDA reserves the right to deviate from its uniform mortgage recording tax exemption policy under special/extraordinary circumstances. Deviations can take the form of providing less or more in the way of mortgage recording tax exemptions. These deviations would be done by reducing the mortgage recording tax exemption from a full exemption to a partial exemption or by allowing all or part of the non-project related financing to be exempt from mortgage recording tax. Provision of less in the way of exemption from mortgage recording tax is applicable to projects that are subsequent phases of a previously TOIIDA financed multi-phase project and/or TOIIDA determines that the benefit provided by these project merits a reduced level of incentive (cost). Provision of more in the way of exemption from mortgage recording tax is applicable to projects that are considered extremely significant and vital to the economic health and well-being of Islip Town and the Long Island region. Any applicant may apply in writing to the TOIIDA for increased mortgage recording tax exemptions setting forth reasons for a proposed deviation from the uniform policy. Such request should set forth specific data and information which would cause TOIIDA to deviate from its uniform policy focusing in whole or in part on the guidelines and criteria set forth in Attachment I hereto. Each time TOIIDA proposes to deviate from its uniform mortgage recording tax exemption policy, it will provide written notification with an explanation for the deviation to the chief executive officer of each affected taxing jurisdiction.

ATTACHMENT 1

ENHANCED REAL PROPERTY TAX ABATEMENT GUIDELINES/CRITERIA

TOHDA considers the following significant indicators when determining whether to provide enhanced real property tax abatements. (These determinants are not all inclusive and are not in priority order):

1. *Economy:* Local and regional economic conditions at the time of application.
2. *Jobs:* The extent to which the project will directly create or retain permanent private sector jobs as well as "temporary" jobs during the construction period. In addition, the level of secondary "multiplier" jobs that will be created or retained as a result of the project.
3. *Project Cost/Payroll:* Level of direct annual payroll that results from the project as well as secondary "multiplier" payroll and payroll during the initial construction period.
4. *Project Purpose:* Type of industrial or commercial activity proposed for the facility.
5. *Site Alternatives:* Likelihood that the project will locate elsewhere resulting in subsequent real economic losses for retention projects and possible failure to realize future economic benefits for attraction projects.
6. *Project Location:* Nature of the property before the project (vacant land, vacant buildings, distressed community, Former Empire Zone, blighted property, downtown corridor).
7. *Project Benefits:* Amount of private sector investment as a result of the project and the level of additional revenue for local taxing jurisdictions.
8. *Project Costs:* Impact of the project and the proposed abatements/exemption on local taxing jurisdictions and extent to which will require additional services from local government entities.

TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY
AGENDA ITEMS FOR NOVEMBER 21, 2017

AGENDA ITEM # 8

TYPE OF RESOLUTION: AMENDED AUTHORIZING
RESOLUTION

COMPANY: GALIL IMPORTING CORPORATION

PROJECT LOCATION: 45 GILPIN AVENUE,
HAUPPAUGE

JOBS (RETAINED/CREATED): RETAINED - 24 -
CREATE - 06 -

INVESTMENT: \$14,600,000.00

Date: November 21, 2017

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 21st day of November, 2017, 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 title to a certain industrial development facility more particularly described below (1290 Realty Corp./Galil Importing Corporation 2017 Facility 2017 Facility) and the leasing of the facility to 1290 Realty Corp. for further subleasing thereof to Galil Importing Corporation.

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

Voting Aye

Voting Nay

AMENDED RESOLUTION OF THE TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE
ACQUISITION, RENOVATION AND EQUIPPING OF A
CERTAIN INDUSTRIAL DEVELOPMENT FACILITY FOR
1290 REALTY CORP., A BUSINESS CORPORATION AND
GALIL IMPORTING CORPORATION, A BUSINESS
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, there was submitted to the Agency a proposal to undertake the providing and leasing of an industrial development facility to Galil Importing Corporation, a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Galil Importing Corporation and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "**Company**"), consisting of the acquisition of an approximately 8.0 acre parcel of land located at 45 Gilpin Avenue, Hauppauge, New York 11788 (the "**Land**"), the renovation of an approximately 172,000 square foot building located thereon, together with the acquisition, installation and equipping of improvements, structures and other related facilities attached to the Land (the "**Improvements**"), and the acquisition and installation therein of certain equipment and personal property (the "**Equipment**"; and, together with the Land and the Improvements, the "**Facility**"), which Facility will be leased by the Agency to the Company, and subleased in part to various tenants (the "**Tenants**"), and used, in part, by the Company as a warehouse, importing, packaging and distribution center in its business as an importer, packager and distributor of imported foods (the "**Project**"); and

WHEREAS, the Agency by resolution duly adopted on October 24, 2017 (the "**Authorizing Resolution**"), authorized the acquisition, renovation and equipping of the Facility and the execution and delivery of the Agency Documents (as defined therein); and

WHEREAS, the Company, by letter dated November 7, 2017 (the "**Letter Amendment**"), notified the Agency of its intent to amend its application for assistance dated August 31, 2017 (the "**Application**"), to reflect that (i) Galil Importing Corporation, a New York business corporation will be the sublessee (the "**Sublessee**") of the Facility, (ii) the Company will be 1290 Realty Corp., a New York business corporation (the "**Company**"), and (iii) the Sublessee has requested the Agency's assistance in connection with the acquisition of certain equipment (defined below); and

WHEREAS, the Company has represented to the Agency that the ownership and the principals of the Company and the Sublessee are the same owners and principals; and

WHEREAS, the Agency intends to amend its Authorizing Resolution in order to reflect (i) the substitution of 1290 Realty Corp., as the Company, (ii) the approval of the addition of the Sublessee for the Facility, and (iii) the revision of the structure of the acquisition, renovation and equipping of the Facility to include an equipment lease (as defined below), and

WHEREAS, in connection with such amendment to the Authorizing Resolution, the description of the proposed providing and leasing of an industrial development facility is as follows: 1290 Realty Corp., a New York business corporation (the "**Company**"), and Galil Importing Corporation, a New York business corporation (the "**Sublessee**"), have requested that the Agency assist in (i) the acquisition of an approximately 8.0 acre parcel of land located at 45 Gilpin Avenue, Hauppauge, New York 11788 (the "**Land**"), and the renovation of an approximately 172,000 square foot building located thereon, together with the acquisition, installation and equipping of improvements, structures and other related facilities attached to the Land (the "**Improvements**") and the acquisition and installation of certain equipment not part of the Equipment (as hereinafter defined) (the "**Facility Equipment**"; together with the Land and the Improvements, the "**Company Facility**"), which Company Facility is to be leased by the Agency to the Company and subleased by the Company to the Sublessee, and (ii) the acquisition and installation of certain equipment and personal property (the "**Equipment**"; and, together with the Company Facility, the "**Facility**"), which Equipment is to be leased by the Agency to the Sublessee and which Facility is to be used by the Sublessee as a warehouse, importing, packaging and distribution center in its business as an importer, packager and distributor of imported foods, including the following as they relate to the appointment of the Company and the Sublessee as agents of the Agency with respect 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 title to the Equipment pursuant to a certain Equipment Bill of Sale (the "**Equipment Bill of Sale**"), from the Sublessee to the Agency; and

WHEREAS, the Agency will lease the Equipment to the Sublessee pursuant to a certain Equipment Lease Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Executive Director or the Deputy Executive Director of the Agency and counsel to the Agency shall agree (the "**Equipment Lease Agreement**"), by and between the Agency and the Sublessee; and

WHEREAS, in connection with the subleasing of the Company Facility to the Sublessee, the Sublessee and the Agency will enter into a certain Agency Compliance Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Executive

Director, or the Deputy Executive Director of the Agency and counsel to the Agency shall agree (the "**Agency Compliance Agreement**"), whereby the Sublessee will provide certain assurances to the Agency with respect to the Facility; and

WHEREAS, they Agency ratifies and confirms all terms contemplated under the Authorizing Resolution, as amended by this Amended Authorizing Resolution, including the Agency Documents (as defined therein); 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 transaction contemplated in the Authorizing Resolution, as amended by this Amended Authorizing Resolution; and

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

Section 1. The Agency hereby amends the Authorizing Resolution to (i) substitute the name of the Company, to be 1290 Realty Corp., as the lessee of the Agency under the Lease Agreement, and (ii) consent to the Sublessee to be Galil Importing Corporation, as the lessee of the Agency under the Equipment Lease Agreement.

Section 2. The Agency hereby finds and determines:

(a) The acquisition, renovation and equipping of the Company Facility, the leasing of the Company Facility to the Company, the subleasing of the Company Facility by the Company to the Sublessee, the acquisition and installation of the Equipment, and the leasing of the Equipment 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.

(b) The acquisition, renovation and equipping of the Facility by the Agency is reasonably necessary to induce the Company and the Sublessee to maintain and expand their respective business operations in the State of New York.

(c) Based upon representations of the Company, 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 and all regional and local land use plans for the area in which the Facility is located.

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

(e) The Equipment Lease Agreement will be an effective instrument whereby the Agency leases the Equipment to the Sublessee; and

(f) The Agency Compliance Agreement will be an effective instrument whereby the Sublessee will provide certain assurances to the Agency with respect to the Facility.

Section 3. In consequence of the foregoing, the Agency hereby determines to: (i) execute, deliver and perform the Lease Agreement, (v) lease the Equipment to the Sublessee pursuant to the Equipment Lease Agreement, (vi) execute, deliver and perform the Equipment Lease Agreement, (vii) execute and deliver the Agency Compliance Agreement.

Section 4. The Agency is hereby authorized to acquire the personal property described in Exhibit A to the Equipment 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 5. Subject to the provisions of this resolution, the Company and the Sublessee are herewith and hereby appointed the agent of the Agency to acquire, renovate and equip the Facility. The Company and the Sublessee are hereby empowered to delegate their respective status as agents of the Agency to its agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company and the Sublessee may choose in order to acquire, renovate and equip the Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of the Company and the Sublessee as agents 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 agents 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 agents of the Agency. The aforesaid appointment of the Company and the Sublessee as agents 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) a date which the Agency designates, or (c) the date on which the Company and/or the Sublessee have received exemptions from sales and use taxes in an amount not to exceed \$86,250 in connection with the purchase or lease of equipment, building materials, services or other personal property; 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 completion of the transaction and the execution of the documents contemplated by this resolution.

Section 6. The Sublessee hereby agrees to comply with Section 875 of the Act. The Sublessee further agrees that the exemption of sales and use tax provided pursuant to the Act and the appointment of the Sublessee as agent of the Agency pursuant to this Amended

Authorizing Resolution is subject to termination and recapture of benefits pursuant to Section 875 of the Act and the recapture provisions the Agency Compliance Agreement.

Section 7. The form and substance of the Equipment Lease Agreement and the Agency Compliance Agreement (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. The Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Equipment Lease Agreement and the Agency Compliance 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, Deputy 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, Deputy Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

Section 9. The Agency hereby ratifies and confirms all terms contemplated by the Authorizing Resolution, as amended by this Amended Authorizing Resolution, including the Agency Documents.

Section 10. This amended resolution shall take effect immediately.

STATE OF NEW YORK)
 : SS.:
COUNTY OF SUFFOLK)

I, the undersigned Assistant 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 21st day of November, 2017, 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 in all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 21st day of November, 2017.

By: _____
Assistant Secretary

TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY
AGENDA ITEMS FOR NOVEMBER 21, 2017

AGENDA ITEM # 9

TYPE OF RESOLUTION: AMENDED AUTHORIZING
RESOLUTION

COMPANY: 75 SUNRISE HIGHWAY, LLC

PROJECT LOCATION: 75 SUNRISE HIGHWAY, WEST
ISLIP

JOBS (RETAINED/CREATED): RETAINED - 106 -
CREATE - 010 -

INVESTMENT: \$3,385,000.00

Date: November 21, 2017

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 21st day of November, 2017 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 to a certain industrial development facility more particularly described below (75 Sunrise Highway, LLC/Veterinary Medical Center of Long Island, PLLC 2017 Facility) and the leasing of the facility to 75 Sunrise Highway, LLC and Veterinary Medical Center of Long Island, PLLC.

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

Voting Aye

Voting Nay

AMENDED RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, RENOVATION, CONSTRUCTION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE APPOINTMENT OF 75 SUNRISE HIGHWAY, LLC, A NEW YORK LIMITED LIABILITY COMPANY ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF 75 SUNRISE HIGHWAY, LLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF THE FOREGOING AND VETERINARY MEDICAL CENTER OF LONG ISLAND, PLLC (F/K/A ATLANTIC VETERINARY EMERGENCY CENTER P.C.), A NEW YORK PROFESSIONAL LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF VETERINARY MEDICAL CENTER OF LONG ISLAND, PLLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF THE FOREGOING AS AGENT(S) OF THE AGENCY FOR THE PURPOSE OF ACQUIRING, RENOVATING, CONSTRUCTING AND EQUIPPING CERTAIN INDUSTRIAL DEVELOPMENT FACILITIES 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, 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, there was submitted to the Agency a proposal to undertake the providing and leasing of an industrial development facility to 75 Sunrise Highway, LLC, a limited liability company organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of 75 Sunrise Highway, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "**Company**") and Veterinary Medical Center of Long Island, PLLC (f/k/a Atlantic Veterinary Emergency Center P.C.), a New York professional limited liability company on behalf of itself and/or the principals of Veterinary Medical Center of Long Island, PLLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "**Sublessee**"), consisting of (a) the acquisition of an approximately 2.2 acre parcel of land located at 75 Sunrise Highway, West Islip, New York (the "**Land**"), the renovation of an approximately 7,500 square foot building located thereon (the "**Existing Building**") and the construction and equipping of an approximately 6,156 square foot addition to the existing building totaling in all

approximately 18,823 square feet (collectively with the Existing Building, the **"Improvements"**), and the acquisition and installation therein of certain equipment and personal property, not part of the Equipment (as such term is defined herein) (the **"Facility Equipment"**); and, together with the Land and the Improvements, the **"Company Facility"**), which Company Facility will be subleased and leased by the Agency to the Company, and further subleased by the Company to the Sublessee, and (b) the acquisition and installation of certain equipment and personal property (the **"Equipment"**); and, together with the Company Facility, the **"Facility"**), which Equipment is to be leased by the Agency to the Sublessee and which Facility will be used by the Sublessee for its primary use as a veterinary emergency and specialty hospital (the **"Project"**); and

WHEREAS, the Agency by resolution duly adopted on March 21, 2017 (the **"Authorizing Resolution"**), authorized the acquisition, renovation and equipping of the Facility and the execution and delivery of the Agency Documents (as defined therein); and

WHEREAS, the Company, by letter dated November 7, 2017 (the **"Letter Amendment"**), notified the Agency of its intent to amend its application for assistance dated January 18, 2017 (the **"Application"**), to reflect (i) the increase in sales tax benefits to cover the purchase by the Company of a Linear Accelerator Machine for a cost of approximately \$2,000,000, and (ii) the subleasing by the Company of an approximately 600 square foot portion of the Facility to Petcure Long Island, LLC, a limited liability company organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Petcure Long Island, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the **"Tenant"**); and

WHEREAS, counsel for the Company and the Sublessee further requested that 75 Sunrise Highway, LLC and Veterinary Medical Center of Long Island, PLLC (f/k/a Atlantic Veterinary Emergency Center P.C. be collectively defined as the Company; and

WHEREAS, the Agency intends to amend its Authorizing Resolution in order to reflect (i) the increase in sales tax benefits to cover the purchase by the Company of a Linear Accelerator Machine for a cost of approximately \$2,000,000, (ii) the subleasing by the Company of an approximately 600 square foot portion of the Facility to the Tenant, and (iii) the amended description of the Project; and

WHEREAS, in connection with such amendment to the Authorizing Resolution, the Project is now described as: 75 Sunrise Highway, LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, having its principal office at 75 Sunrise Highway, West Islip, New York 11795 (**"75 Sunrise"**) and Veterinary Medical Center of Long Island, PLLC, a professional limited liability company duly organized and validly existing under the laws of the State of New York, having its principal office at 75 Sunrise Highway, West Islip, New York 11795 (**"Veterinary Medical Center"**); and, together with 75 Sunrise, the **"Company"**), has requested the Agency's assistance in the acquisition of an approximately 2.2 acre parcel of land located at 75 Sunrise Highway, West Islip, New York (the **"Land"**), the renovation of an approximately 7,500 square foot building located thereon (the **"Existing Building"**), the construction and equipping of an approximately 6,156 square foot addition to the existing building totaling in all

approximately 18,823 square feet (collectively with the Existing Building, the **"Improvements"**), and the acquisition and installation therein of certain equipment and personal property, including, but not limited to a Linear Accelerator Machine (collectively, the **"Equipment"**; and, together with the Land and the Improvements, the **"Facility"**), which Facility will be subleased and leased by the Agency to the Company for its primary use as a veterinary emergency and specialty hospital, and an approximately 600 square foot portion of the Facility will be subleased by the Company to Petcure Long Island LLC or such other entity to be determined (the **"Project"**); 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 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 \$3,385,000 but not to exceed \$4,000,000 in connection with the financing of the acquisition, renovation, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating, constructing and equipping the Facility, (ii) exemptions from sales and use taxes in an approximate amount not to exceed \$348,500, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereof); and

WHEREAS, the Tenant and the Agency will enter into a certain Tenant Agency Compliance Agreement, dated as of November 1, 2017 or such other date as may be determined by the Chairman or Executive Director of the Agency and counsel to the Agency (the **"Agency Compliance Agreement"**), whereby the Tenant will provide certain assurances to the Agency with respect to the Facility; and

WHEREAS, the Agency has given due consideration to the application of the Company and to representations by the Company that the proposed transaction is necessary to maintain the competitive position of the Company in its industry; and

WHEREAS, the Agency ratifies and confirms all terms contemplated under the Authorizing Resolution, as amended by this Amended Authorizing Resolution, including the Agency Documents (as defined therein); and

WHEREAS, the Company 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 amends the Authorizing Resolution to include (i) the increase in sales tax benefits to cover the purchase by the Company of a Linear Accelerator Machine for a cost of approximately \$2,000,000, (ii) the subleasing by the Company of an approximately 600 square foot portion of the Facility to the Tenant, and (iii) the amendment of the Project description.

Section 2. The Agency hereby ratifies and confirms all terms contemplated by the Authorizing Resolution, as amended by this Amended Authorizing Resolution, including the Agency Documents.

Section 3. In connection with the Facility, the Agency hereby authorizes and approves the following benefits to be granted to the Company in connection with the acquisition, renovation, construction and equipping of the Facility 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 \$3,385,000 but not to exceed \$4,000,000 in connection with the financing of the acquisition, renovation, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating, constructing and equipping the Facility, (ii) exemptions from sales and use taxes in an approximate amount not to exceed \$348,500, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereof).

Section 4. The Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Agency Documents (as defined in the Authorizing Resolution) all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, Vice Chairman, Executive Director, Deputy 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. The execution thereof by the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

Section 5. The Chairman, Vice Chairman, Executive Director, Deputy 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 6. This amended 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 21st day of November, 2017, 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 21st day of
November, 2017.

By: _____
Assistant Secretary

STATE OF NEW YORK)
 : SS.:
COUNTY OF SUFFOLK)

I, the undersigned Assistant 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 the ____ day of November, 2017, at _____ .m., local time, at 40 Nassau Avenue, Islip, New York, 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 November ____, 2017.

Assistant Secretary

financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes and abatement of real property taxes, consistent with the policies of the Agency.

Section 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:

Section 5. The hearing officer then asked if there were any further comments, and, there being none, the hearing was closed at _____.

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 November, 2017, at _____.m., local time, at 40 Nassau Avenue, Islip, New York 11751 in connection with the following matters:

75 SUNRISE HIGHWAY, LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, having its principal office at 75 Sunrise Highway, West Islip, New York 11795 ("**75 Sunrise**") and VETERINARY MEDICAL CENTER OF LONG ISLAND, PLLC, a professional limited liability company duly organized and validly existing under the laws of the State of New York, having its principal office at 75 Sunrise Highway, West Islip, New York 11795 ("**Veterinary Medical Center**"; and, together with 75 Sunrise, the "**Company**"), has applied to the Agency to enter into a transaction in which the Agency will assist in the acquisition of an approximately 2.2 acre parcel of land located at 75 Sunrise Highway, West Islip, New York (the "**Land**"), the renovation of an approximately 7,500 square foot building located thereon (the "**Existing Building**"), the construction and equipping of an approximately 6,156 square foot addition to the existing building totaling in all approximately 18,823 square feet (collectively with the Existing Building, the "**Improvements**"), and the acquisition and installation therein of certain equipment and personal property, including, but not limited to a Linear Accelerator Machine (collectively, the "**Equipment**"; and, together with the Land and the Improvements, the "**Facility**"), which Facility will be subleased and leased by the Agency to the Company for its primary use as a veterinary emergency and specialty hospital, and an approximately 600 square foot portion of the Facility will be subleased by the Company to Petcare Long Island LLC or such other entity to be determined (the "**Project**"). The Facility will be initially owned, operated and/or managed by the Company.

The Agency contemplates that it will provide financial assistance to the Company in the form of exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes and abatement of real property taxes, 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: November ___, 2017

TOWN OF ISLIP INDUSTRIAL
DEVELOPMENT AGENCY

By: William G. Mannix
Title: Executive Director

EXHIBIT B

FORM OF MINUTES OF PUBLIC HEARING HELD ON
NOVEMBER __, 2017

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
(75 SUNRISE HIGHWAY, LLC/VETERINARY MEDICAL CENTER OF LONG
ISLAND, PLLC 2017 FACILITY)

Section 1. _____, _____ of the Town of Islip Industrial Development Agency (the "**Agency**") called the hearing to order.

Section 2. The _____ then appointed _____, the _____ of the Agency, the hearing officer of the Agency, to record the minutes of the hearing.

Section 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:

75 SUNRISE HIGHWAY, LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, having its principal office at 75 Sunrise Highway, West Islip, New York 11795 ("**75 Sunrise**") and VETERINARY MEDICAL CENTER OF LONG ISLAND, PLLC, a professional limited liability company duly organized and validly existing under the laws of the State of New York, having its principal office at 75 Sunrise Highway, West Islip, New York 11795 ("**Veterinary Medical Center**"; and, together with 75 Sunrise, the "**Company**"), has applied to the Agency to enter into a transaction in which the Agency will assist in the acquisition of an approximately 2.2 acre parcel of land located at 75 Sunrise Highway, West Islip, New York (the "**Land**"), the renovation of an approximately 7,500 square foot building located thereon (the "**Existing Building**"), the construction and equipping of an approximately 6,156 square foot addition to the existing building totaling in all approximately 18,823 square feet (collectively with the Existing Building, the "**Improvements**"), and the acquisition and installation therein of certain equipment and personal property, including, but not limited to a Linear Accelerator Machine (collectively, the "**Equipment**"; and, together with the Land and the Improvements, the "**Facility**"), which Facility will be subleased and leased by the Agency to the Company for its primary use as a veterinary emergency and specialty hospital, and an approximately 600 square foot portion of the Facility will be subleased by the Company to Petcare Long Island LLC or such other entity to be determined (the "**Project**"). The Facility will be initially owned, operated and/or managed by the Company.

The Agency contemplates that it will provide financial assistance to the Company in the form of exemptions from mortgage recording taxes in connection with the

EXHIBIT C

Proposed PILOT Benefits

75 Sunrise Highway, West Islip, NY

Definitions

X = \$327,700

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

Normal Tax Due = Those payments for taxes and assessments, other than special ad valorem levies, special assessments and service charges against real property located in the Town of Islip (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located) which are or may be imposed for special improvements or special district improvements, that the Company would pay without exemption.

Payment

Tax Year (following first taxable status date after the election by Company, more specifically set forth in Section 5.1 of the Lease and Project Agreement)

Formula

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

TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY
AGENDA ITEMS FOR NOVEMBER 21, 2017

AGENDA ITEM # 10

TYPE OF RESOLUTION: RESOLUTION AUTHORIZING

COMPANY: HAUPPAUGE OFFICE PARK ASSOCIATES,
LLC 2014 FACILITY TO LA BONNE VIE
ORGANIZATION, LLC

PROJECT LOCATION: 888/898 VETERANS
MEMORIAL HWY, HAUPPAUGE

JOBS (RETAINED/CREATED): RETAINED - -
CREATE - -

INVESTMENT: N/A

Date: November 21, 2017

At a meeting of the Town of Islip Industrial Development Agency (the “Agency”) held on the 21st day of November, 2017, at Islip Town Hall, 655 Main Street, Islip, New York 11751, 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 the consent to the subleasing of the Hauppauge Office Park Associates, LLC 2014 Facility and approving the execution and delivery of related documents.

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 PERTAINING TO THE
CONSENT TO THE SUBLEASING OF THE HAUPPAUGE
OFFICE PARK ASSOCIATES, LLC 2014 FACILITY AND
APPROVING THE FORM, SUBSTANCE, EXECUTION AND
DELIVERY 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 may be 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 Hauppauge Office Park Associates, LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, having a mailing address at 1520 Northern Boulevard, Manhasset, New York 11030 (the "**Original Company**") 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**"); and

WHEREAS, the Agency acquired a leasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of February 1, 2014 (the "**Company Lease**"), by and between the Original Company, as lessor, and the Agency, as lessee, as amended, assigned to, and assumed by Sig 888 LLC ("**Sig 888**"; and together with the Original Company, the "**Company**"); and

WHEREAS, the Agency currently leases the Facility to the Company pursuant to a certain Lease Agreement, dated as of February 1, 2014, (the "**Lease Agreement**"), by and between the Agency, as lessor, and the Original Company, as lessee, as amended, assigned to, and assumed by Sig 888; and

WHEREAS, the Company is negotiations to sublease an approximately 1,376 square foot portion of the Facility known as Suite #520 in Building #1 (the "**Demised Premises**"), to la Bonne Vie Organization, LLC, a New York limited liability company, having an office at 888 Veterans Memorial Highway, Suite #520, Hauppauge, New York 11788 (the "**Tenant**"), pursuant to certain Agreement of Lease, dated a date to be determined (the "**Tenant Lease**"), by and between the Company and the Tenant, for a term of three (3) years to be used as executive and administrative office space in the Tenant's real estate business; and

WHEREAS, the Company has requested that the Agency consent to the subleasing of the Demised Premises to the Tenant; and

WHEREAS, the Facility may not be subleased, in whole or in part, without the prior written consent of the Agency; and

WHEREAS, such consent may be manifested by the execution and delivery of a Tenant Agency Compliance Agreement, dated a date to be determined, between the Agency and the Tenant (the "**Tenant Agency Compliance Agreement**"); 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 sublease of the Facility.

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 subleasing of the Demised Premises to the Tenant will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the 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

(c) The Agency consents to the sublease of the Demised Premises to the Tenant; and

(d) The execution of the Tenant Agency Compliance Agreement will satisfy the requirement of Section 9.3 of the Lease Agreement that any sublease of the Facility be consented to in writing by the Agency; and

(e) It is desirable and in the public interest for the Agency to consent to the sublease of the Facility and to enter into the Tenant Agency Compliance Agreement.

Section 2. In consequence of the foregoing, the Agency hereby determines to enter into the Tenant Agency Compliance Agreement.

Section 3. The form and substance of the Tenant Agency Compliance Agreement (in substantially the form presented to the Agency and which, prior to the execution and delivery thereof, may be redated) is hereby approved.

Section 4.

(f) The Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Tenant Agency Compliance Agreement in the form the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member of the Agency shall approve, and such other related documents as may be, in the judgment of the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member and Agency Counsel, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the "**Agency Documents**"). The execution thereof by Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

(g) The Chairman, Vice Chairman, Executive Director, Deputy 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 5. 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 6. 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 21st day of November, 2017, 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 21st day of
November, 2017.

By _____
Assistant Secretary