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

2. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to approve the minutes from the Special Meeting of the Members of the Town of Islip Industrial Development Agency on October 28, 2013.

3. To consider amendments to the Uniform Tax Exemption Policy.

4. To consider the adoption of an Inducement Resolution between the Town of Islip Industrial Development Agency and United Lighting and Electrical Corp/Playaction LLC located at 60 Hoffman Avenue, located in Hauppauge.

5. To consider the adoption of an Inducement Resolution between the Town of Islip Industrial Development Agency and Paramount Beauty located at 60 Heartland Boulevard, Edgewood.

6. To consider any other business.
MEETING OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

October 28, 2013

Meeting Minutes

1. Chairman Hofmeister called the meeting of the Town of Islip Industrial Development Agency to order.

Motions were presented to approve and adopt the following resolution on the October 28, 2013 IDA Agenda. The resolutions were as follows:

2. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to approve the minutes from the Special Meeting of the Members of the Town of Islip Industrial Development Agency on September 24, 2013 on a motion by Councilman Anthony Senft and seconded by Councilman John Cochrane, said Resolution was approved unanimously.

3. To consider the adoption of an Inducement Resolution between the Town of Islip Industrial Development Agency and Briad Development, LLC located at the N/E/C of Carleton Avenue and courthouse Drive in Central Islip. On a motion by Councilman John Cochrane and seconded by Councilwoman Trish Bergin Weichbrodt said Resolution was approved unanimously.

4. To consider the adoption of a Resolution between the Town of Islip Industrial Development Agency and Sunrise Business Center, which will amend the lease with Kellbenx, Inc. allowing them to occupy an additional 1,851 square feet. On a motion by Councilman Anthony Senft and seconded by Councilwoman Trish Bergin Weichbrodt, said Resolution was approved unanimously.

5. To consider the adoption of an Authorizing Resolution between the Town of Islip Industrial Development Agency and Green-Flagg, LLC located at 61 W. Main and 14 Park Avenue, Bay Shore. On a motion by Councilman Anthony Senft and seconded by Councilwoman Trish Bergin Weichbrodt, said Authorizing Resolution was approved unanimously.

6. To consider the adoption of the 2014 IDA budget. On a motion by Councilman John Cochrane and seconded by Councilman Anthony Senft, said budget was approved unanimously.

7. The October 28, 2013 meeting of the Industrial Development Agency was adjourned on a motion by Councilman Anthony Senft and seconded by Councilman John Cochrane.
WHEREAS, New York General Municipal Law 874 requires an Industrial Development Agency to establish a Uniform Tax Exemption Policy (UTEP) applicable to grants of financial assistance and providing guidelines for the claiming of real property, mortgage recording, and sales tax exemptions, plus the establishment of principles concerning deviation from policy and recapture of benefits; and

WHEREAS, the Town of Islip Industrial Development Agency first adopted its UTEP in December of 1993 and has amended said policy on numerous occasions throughout the years; and

WHEREAS, there has been presented an amended UTEP concerning exemption from real property taxes, sales and use tax exemptions, mortgage recording tax exemptions, principles concerning deviation from policy and recapture of benefits under certain conditions; and

WHEREAS, notice has been given to all taxing jurisdictions within the Town of Islip, and the required Public Hearing was held at 9am on November 19, 2013 and after due consideration by the members of the Agency;

NOW, THEREFORE, on a motion of seconded by

be it

RESOLVED, that the attached and amended Uniform Tax Exemption Policy is hereby adopted. This resolution shall take effect immediately

Upon a vote being taken, the result was:
TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

UNIFORM TAX EXEMPTION POLICY

The Town of Islip Industrial Development Agency (TOIIEDA) 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. TOIIEDA 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 TOIIEDA are eligible for various tax exemptions and abatements.

I. REAL PROPERTY TAXES

A. Real Property Tax Abatement: TOIIEDA 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 TOIIEDA 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 TOIIEDA 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, TOII DA 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:** TOII DA 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:** TOII DA 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, TOII DA 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):** TOII DA 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, TOII DA 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:** TOII DA 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:** TOII DA 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.

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:

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Within 1 year</td>
<td>100%</td>
</tr>
<tr>
<td>Within 2 years</td>
<td>100%</td>
</tr>
<tr>
<td>Within 3 years</td>
<td>50%</td>
</tr>
<tr>
<td>Within 4 years</td>
<td>25%</td>
</tr>
<tr>
<td>After 4 years</td>
<td>0%</td>
</tr>
</tbody>
</table>

The above term period is from the effective date of the PILOT Agreement. Imposition of any recapture is at the sole discretion of the TOIIIDA 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**: TOIIIDA 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 TOIIIDA financed, multi-phased project and/or TOIIIDA 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 TOIIIDA 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 TOIIIDA to deviate from its uniform policy focusing, in whole or part, on the guidelines and criteria set forth in Attachment 1 hereto. Each time TOIIIDA 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: TOIIIDA 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. TOIIIDA does not provide sales tax exemption for ongoing expenses after the project is completed.

B. TOIIIDA 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 TOIIIDA.

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. TOIIIDA requires that each project occupant (agent) provides the Agency with a copy of that annual filing.

D. Deviations from Policy: TOIIIDA 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 TOIIIDA financed multi-phase project and/or TOIIIDA 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 TOIIIDA 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 TOIIIDA 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 TOIIIDA 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 TOIIIDA 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 1 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

TOIIIDA 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.
RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY TAKING OFFICIAL ACTION TOWARD APPOINTING 60 HOFFMAN LLC, A DELAWARE LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF 60 HOFFMAN LLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING, UNITED LIGHTING ELECTRICAL CORP., A NEW YORK BUSINESS CORPORATION, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF UNITED LIGHTING ELECTRICAL CORP. AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AND PLAYACTION, LLC, A NEW YORK LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF PLAYACTION, LLC 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, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT AND OF RELATED DOCUMENTS AND MAKING CERTAIN FINDINGS AND DETERMINATIONS WITH RESPECT TO THE FACILITY.

WHEREAS, 60 Hoffman LLC, a limited liability company organized and existing under the laws of the State of Delaware and authorized to transact business in the State of New York, on behalf of itself and/or the principals of 60 Hoffman LLC and/or an entity formed or to be formed on behalf of the foregoing (collectively, the "Company") has applied to the Town of Islip Industrial Development Agency (the "Agency") for its assistance in (a) the acquisition of an approximately 3.2 acre parcel of land located at 60 Hoffman Avenue, Hauppauge, New York 11788 (the "Land"), and the renovation and equipping of an approximately 26,770 square foot building located thereon (the "Improvements") and the acquisition and installation of certain equipment not part of the Equipment (as such term is defined in Exhibit A to the Equipment Lease Agreement, to be dated a date to be determined (the "Equipment Lease Agreement"), between the Agency and the hereinafter defined Sublessees) (the "Facility Equipment"; and, together with the Land and Improvements, the "Company Facility"), all to be leased by the Agency to the Company for further sublease by the Company of (i) an approximate 70% portion of the Company Facility to, and used by United Lighting Electrical 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 United Lighting Electrical Corp. and/or an entity formed or to be formed on behalf of the foregoing ("United Lighting"), as a supplier of electrical supplies and lighting material to developers and contractors in the tri-state area; and (ii) an approximate 30% portion of the Company Facility to, and used by Playaction, 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 Playaction, LLC and/or an entity formed or to be formed on behalf of the foregoing ("Playaction"; and,
together with United Lighting, the "Sublessees"), as a sports and entertainment brand licensing company supplying products to big box and national retailers, and (b) the acquisition and installation of the Equipment (the "Equipment"), which Equipment is to be leased by the Agency to the Sublessees for use in their respective businesses (the Company Facility and the Equipment collectively referred to herein as the "Facility"), including the following as they relate to the appointment of the Company and the Sublessees as agents of the Agency pursuant to Section 5 hereof with respect to the acquisition, renovation and equipping of the 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 or a leasehold interest in the Company Facility and will lease the Company Facility to the Company for further sublease by the Company to the respective Sublessees, all pursuant to Title I 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 Equipment will be leased to the Sublessees by the Agency pursuant to the Equipment Lease Agreement; and

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

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company and the Sublessees consistent with the policies of the Agency, in the form of (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be $2,800,000 but not to exceed $3,500,000 in connection with the financing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, constructing and equipping of the Facility, (ii) exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $10,350 (as set forth in the Form of Sales Tax Letter set forth as Exhibit C hereof) and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit D hereof), consistent with the policies of the Agency; and

WHEREAS, 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, and such notice (together with proof of publication) will be substantially in the form annexed hereto as Exhibit A; and

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

WHEREAS, the Agency has given due consideration to the application of the Company and to representations by the Company that the proposed transfer of real estate is either an inducement to the Company and the Sublessees to maintain and expand its respective operations in the Town of Islip or is necessary to maintain the competitive position of the Company and the Sublessees in their respective industry; and

WHEREAS, the Company and the Sublessees 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 transfer of fee title or a leasehold interest in and to the Company Facility to the Agency, the transfer of fee title to the Equipment to the Agency, the lease of the Company Facility to the Company and the lease of the Equipment to the Sublessees; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, the “SEQR Act” or “SEQR”), the Agency constitutes a “State Agency”; and

WHEREAS, to aid the Agency in determining whether the Facility may have a significant effect upon the environment, the Company and the Sublessees 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 reviewed by the Agency and other representations and information furnished by the Company regarding the Company Facility, the Agency determines that the action relating to the acquisition, renovation, equipping and operation of the Company 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 and the leasing of the Company Facility to the Company, the subleasing of the Company Facility to
the respective Sublessees and the leasing of the Equipment to the Sublessees and the provision of financial assistance pursuant to the Act will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of the Town of Islip and the people of the State of New York and improve their standard of living, and thereby serve the public purposes of the Act, and the same is, therefore, approved.

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

Section 4. Subject to the conditions set forth in Section 4.02 of the Agreement, the Agency shall (i) acquire, renovate and equip the Facility, (ii) lease (with an obligation to purchase) or sell the Company Facility to the Company, (iii) lease (with an obligation to purchase) or sell the Equipment to the Sublessees, and (iv) grant a mortgage on the Facility, if a mortgage is required.

Section 5. The Company and the Sublessees are hereby appointed the true and lawful agents of the Agency to acquire, renovate and equip the Facility on behalf of the Agency, with the authority to delegate their respective status as agents of the Agency to the Company’s and the Sublessees’ respective agents, subagents, contractors, subcontractors, suppliers, vendors and other such parties as the Company and the Sublessees may choose. The terms and conditions for the appointment of the Company and the Sublessees as agents of the Agency for the purposes described in this Section 5 are set forth in the form of the attached letter addressed to the Company and the Sublessees, marked as Exhibit C to this resolution, which is incorporated herein by reference. The appointment described above includes the following activities as they relate to the acquisition, renovation and equipping of the Facility, whether or not the materials, services or supplies described below are incorporated into or become an integral part of the Facility: (i) all purchases, leases, rentals and other uses of tools, machinery, computers 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 in connection with the acquisition, renovation and equipping of the Facility, and (iii) all purchases, leases, rentals and uses of equipment, machinery, computers and other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under the Facility. This agency appointment includes the power to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agents for the Agency, and in general to do all things which may be requisite or proper for completing the Facility, all with the same powers and with the same validity as would the Agency if acting on its own behalf. This agency appointment expressly excludes the Company and the Sublessees from purchasing 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 aforesaid appointment of the Company and the Sublessees 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, or (b) the date on which the Agency designates, or (c) the date on which the Company and/or the Sublessee purchases or leases equipment, building materials, services or other personal property in an amount not to exceed $10,350 provided however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company and the Sublessees if such activities and improvements are not completed by such time. The aforesaid appointment of the Company and the Sublessees is subject to the Agency conducting a public hearing following public notice thereof as required by the Act and the adoption by the Agency of a ratification resolution after such public hearing has been held and minutes thereof have been made available to the members of the Agency to aid in their deliberations.

Section 6. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company and the Sublessees in connection with the acquisition, construction and equipping of the Facility in the form of (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be $2,800,000 but not to exceed $3,500,000 in connection with the financing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, constructing and equipping of the Facility, (ii) exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $10,350 (as set forth in the Form of Sales Tax Letter set forth as Exhibit C hereof) and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit D hereof), consistent with the policies of the Agency.

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

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

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

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

COUNTY OF SUFFOLK

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

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

Such resolution was passed at a meeting of the Agency duly convened in public session on November 19, 2013, at Islip Town Hall, 655 Main Street, Islip, New York, at which meeting the following members were, 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:

AYE

NAY
and, therefore, the resolution was declared duly adopted.

The Agreement and the Application are in substantially the form presented to and approved at such meeting.

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

IN WITNESS WHEREOF, I have hereunto set my hand as of November 19, 2013.

______________________________
Secretary
EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Title 1 of Article 18-A of the New York State General Municipal Law will be held by the Town of Islip Industrial Development Agency (the “Agency”) on the ___ day of __________, 2013, at _______ a.m., local time, at Town of Islip, Offices of Economic Development, 40 Nassau Avenue, Islip, New York 11751, in connection with the following matters:

60 Hoffman LLC, a limited liability company organized and existing under the laws of the State of Delaware authorized to transact business in the State of New York, on behalf of itself and/or the principals of 60 Hoffman LLC and/or an entity formed or to be formed on behalf of the foregoing (collectively, the “Company”) has applied to the Agency for its assistance in (a) the acquisition of an approximately 3.2 acre parcel of land located at 60 Hoffman Avenue, Hauppauge, New York 11788 (the “Land”), and the renovation and equipping of an approximately 62,770 square foot building located thereon (the “Improvements”) and the acquisition and installation of certain equipment not part of the Equipment (as such term is defined in Exhibit A to the Equipment Lease Agreement, to be dated a date to be determined (the “Equipment Lease Agreement”), between the Agency and the hereinafter defined Sublessees) (the “Facility Equipment”; and, together with the Land and Improvements, the “Company Facility”), all to be leased by the Agency to the Company for further sublease by the Company of (i) an approximate 70% portion of the Company Facility to, and used by United Lighting Electrical 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 United Lighting Electrical Corp. and/or an entity formed or to be formed on behalf of the foregoing (“United Lighting”), as a supplier of electrical supplies and lighting material to developers and contractors in the tri-state area; and (ii) an approximate 30% portion of the Company Facility to, and used by Playaction, 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 Playaction, LLC and/or an entity formed or to be formed on behalf of the foregoing (“Playaction”; and, together with United Lighting, the “Sublessees”), as a sports and entertainment brand licensing company supplying products to big box and national retailers, and (b) the acquisition and installation of the Equipment (the “Equipment”), which Equipment is to be leased by the Agency to the Sublessees for use in their respective businesses (the Company Facility and the Equipment collectively referred to herein as the “Facility”). The Company Facility will be initially owned, operated and/or managed by the Company.

The Agency will acquire title to or a leasehold interest in the Facility and lease or sublease the Company Facility to the Company and lease the Equipment to the Sublessees, and the Company will sublease the Company Facility to the Sublessees. At the end of the lease term, the Company will purchase the Company Facility from the Agency and the Sublessees will purchase the Equipment from the Agency.
The Agency contemplates that it will provide financial assistance to the Company and the Sublessees 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 and the Sublessees 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 and the Sublessees with the Agency and an analysis of the costs and benefits of the proposed Facility.

Dated: __________, 2013

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

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

MINUTES OF PUBLIC HEARING HELD ON

[Blank], 2013

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
(60 HOFFMAN LLC/UNITED LIGHTING ELECTRICAL CORP./PLAYACTION, LLC
2013 FACILITY)

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

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

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

60 Hoffman LLC, a duly organized and validly existing New York limited liability company, on behalf of itself and/or the principals of 60 Hoffman LLC and/or an entity formed or to be formed on behalf of the foregoing (collectively, the “Company”) has applied to the Agency for its assistance in (a) the acquisition of an approximately 3.2 acre parcel of land located at 60 Hoffman Avenue, Hauppauge, New York 11788 (the “Land”), and the renovation and equipping of an approximately 62,770 square foot building located thereon (the “Improvements”) and the acquisition and installation of certain equipment not part of the Equipment (as such term is defined in Exhibit A to the Equipment Lease Agreement, to be dated a date to be determined (the “Equipment Lease Agreement”), between the Agency and the hereinafter defined Sublessees) (the “Facility Equipment”; and, together with the Land and Improvements, the “Company Facility”), all to be leased by the Agency to the Company for further sublease by the Company of (i) an approximate 70% portion of the Company Facility to, and used by United Lighting Electrical 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 United Lighting Electrical Corp. and/or an entity formed or to be formed on behalf of the foregoing (“United Lighting”), as a supplier of electrical supplies and lighting material to developers and contractors in the tri-state area; and (ii) an approximate 30% portion of the Company Facility to,
and used by Playaction, 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 Playaction, LLC and/or an entity formed or to be formed on behalf of the foregoing ("Playaction"; and, together with United Lighting, the "Sublessees"), as a sports and entertainment brand licensing company supplying products to big box and national retailers, and (b) the acquisition and installation of the Equipment (the "Equipment"), which Equipment is to be leased by the Agency to the Sublessees for use in their respective businesses (the Company Facility and the Equipment collectively referred to herein as the "Facility"). The Company Facility will be initially owned, operated and/or managed by the Company.

The Agency proposes to provide financial assistance to the Company and the Sublessees in connection with the Facility 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.

4. The hearing officer then opened the hearing for comments from the floor for or against the proposed transfer of real estate, the other financial assistance proposed by the Agency and the location and nature of the Facility. The following is a listing of the persons heard and a summary of their views:
5. The hearing officer then asked if there were any further comments, and, there being none, the hearing was closed at _____.

___________________________________________________________________

Hearing Officer
STATE OF NEW YORK    )
COUNTY OF SUFFOLK    )

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

That I have compared the foregoing copy of the minutes of a public hearing held by
the Town of Islip Industrial Development Agency (the "Agency") on the ___ day of
_____ , 2013, at _______ a.m., local time, at Town of Islip, Offices of Economic
Development, 40 Nassau Avenue, Islip, New York 11751, with the original thereof on file in
the office of the Agency, and that the same is a true and correct copy of the minutes in
connection with such matter.

IN WITNESS WHEREOF, I have hereunto set my hand as of the ___ day of
_______, 2013.

______________________________
Secretary

14704935.1
EXHIBIT C

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


Mark Goldman, Vice President
60 Hoffman LLC
United Lighting Electrical Corp.
Playaction, LLC
6037 Jericho Turnpike
Commack, New York 11725

RE: Town of Islip Industrial Development Agency
(60 Hoffman LLC/United Lighting Electrical Corp./Playaction, LLC
2013 Facility)

Dear Mr. Goldman:

Pursuant to resolutions duly adopted on November 19, 2013 and __________, 2013 the Town of Islip Industrial Development Agency (the “Agency”) appointed 60 Hoffman LLC, a limited liability company organized and existing under the laws of the State of Delaware authorized to transact business in the State of New York (the “Company”), United Lighting Electrical Corp., a business corporation organized and existing under the laws of the State of New York (“United Lighting”) and Playaction, LLC, a limited liability company organized and existing under the laws of the State of New York (“Playaction”; and, together with United Lighting, the “Sublessees”), the true and lawful agents of the Agency in connection with the Agency’s assistance in (a) the acquisition of an approximately 3.2 acre parcel of land located at 60 Hoffman Avenue, Hauppauge, New York 11788 (the “Land”), and the renovation and equipping of an approximately 62,770 square foot building located thereon (the “Improvements”) and the acquisition and installation of certain equipment not part of the Equipment (as such term is defined in Exhibit A to the Equipment Lease Agreement, to be dated a date to be determined (the “Equipment Lease Agreement”), between the Agency and the Sublessees) (the “Facility Equipment”; and, together with the Land and Improvements, the “Company Facility”), all to be leased by the Agency to the Company for further sublease by the Company of (i) an approximate 70% portion of the Company Facility to, and used by United Lighting as a supplier of electrical supplies and lighting material to developers and contractors in the tri-state area; and (ii) an approximate 30% portion of the Company Facility to, and used by Playaction, as a sports and entertainment brand licensing company supplying products to big box and national retailers, and (b) the acquisition and installation of the Equipment (the “Equipment”), which Equipment is to be leased by the Agency to the Sublessees for use in their respective businesses (the Company Facility and the Equipment collectively referred to herein as the “Facility”).
This appointment shall be effective as of the date of the sales tax letter and includes authority to purchase on behalf of the Agency all materials to be incorporated into and made an integral part of the Facility, and the following activities as they relate to any construction, erection, renovation, equipping and completion of any buildings, whether or not any materials, equipment or supplies described below are incorporated into or become an integral part of such Facility: (i) all purchases, leases, rentals and other uses of tools, machinery, computers 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, computers and other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under such Facility.

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

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

In exercising this agency appointment, the Company and the Sublessees, their respective agents, subagents, contractors and subcontractors should give the supplier or vendor a copy of this letter to show that the Company and the Sublessees, their respective agents, subagents, contractors and subcontractors are each acting as agent for the Agency. The supplier or vendor should identify the Facility on each bill or invoice and indicate thereon that the Company and the Sublessees, their respective agents, subagents, contractors and subcontractors acted as agent for the Agency in making the purchase. You and each of your agents, subagents, contractors and/or subcontractors claiming a sales tax exemption in connection with the Facility must execute a copy of the Contract in Lieu of Exemption Certificate attached hereto, and must complete a New York State Department of Taxation and Finance Form ST-60. Original copies of each Contract in Lieu of Exemption Certificate and completed Form ST-60 must be delivered to the Agency within five (5) days of the appointment of each of your agents, subagents, contractors or subcontractors. Any agent, subagent, contractor or subcontractor of the Company or the Sublessees which delivers a completed Form ST-60 to the Agency will be deemed to be the agent, subagent, contractor or subcontractor of the Agency for purposes of acquiring, renovating and equipping the Facility. Failure to comply with these requirements may result in loss of sales tax exemptions for the Facility.
The aforesaid appointment of the Company and the Sublessees, 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, or (b) __________, 20__, or (c) the date on which the Company and/or the Sublessees receive exemptions from sales and use taxes in an amount not to exceed $10,350 in connection with the purchase or lease of equipment, building materials, services or other personal property authorized under the Lease Agreement; provided, however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company and/or the Sublessees if such activities and improvements are not completed by such time, and further provided that the Agency shall not unreasonably withhold its consent to the extension of such appointment.

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

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

(Remainder of Page Intentionally left Blank – Signature Page Follows)
Please sign and return a copy of this letter for our files.

Very truly yours,

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

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

ACCEPTED & AGREED:

60 HOFFMAN LLC

By: ______________________________
Name: Mark Goldman
Title: Vice President

UNITED LIGHTING ELECTRICAL CORP.

By: ______________________________
Name: Mark Goldman
Title: Vice President

PLAYACTION, LLC

By: ______________________________
Name: Mark Goldman
Title: Vice President
TO: All Contractors, Subcontractors, Suppliers and Vendors, etc. of 60 Hoffman LLC and United Lighting Electrical Corp. and Playaction, LLC

Attached please find a “Contract in Lieu of Exemption Certificate” (the “Contract”) which will serve as documentation for not charging 60 Hoffman LLC, a limited liability company organized and existing under the laws of the State of Delaware authorized to transact business in the State of New York (the “Company”), United Lighting Electrical Corp., a business corporation organized and existing under the laws of the State of New York (“United Lighting”), or Playaction, LLC, a limited liability company organized and existing under the laws of the State of New York (“Playaction, LLC”; and, together with United Lighting, the “Sublessees”), for sales or use tax in connection with any purchase, lease, rental and other use of materials, equipment, goods, services or supplies at the facility owned by the Town of Islip Industrial Development Agency (the “Agency”) and described in Addendum A to the aforesaid Contract (the “Facility”).

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

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

Very truly yours,

60 HOFFMAN LLC

By: ___________________________
Mark Goldman, Vice President

UNITED LIGHTING ELECTRICAL CORP.

By: ___________________________
Mark Goldman, Vice President

PLAYACTION, LLC

By: ___________________________
Mark Goldman, Vice President

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

This Contract is entered into by and among 60 HOFFMAN LLC, a limited liability company organized and existing under the laws of the State of Delaware authorized to transact business in the State of New York (the “Company”), UNITED LIGHTING ELECTRICAL CORP., a business corporation organized and existing under the laws of the State of New York (“United Lighting”), and PLAYACTION, LLC, a limited liability company organized and existing under the laws of the State of New York (“Playaction, LLC”; and, together with United Lighting, the “Sublessees”), as agents for and on behalf of the TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation and a governmental agency of the State of New York, hereinafter called the “Agency” or the “Owner” of the facility described in Addendum A hereto (the “Facility”), and the contractor or the subcontractor more particularly described on page 2 hereof (hereinafter, the “Contractor”).

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

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

These exemptions expressly prohibit the Company and the Sublessees from purchasing any motor vehicles, including cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets.

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

The aforesaid appointment of the Company and the Sublessees 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) [__________, 20__], or (c) the date on which the Company and/or the Sublessees receive exemptions from sales and use taxes in an amount not to exceed $10,350 in connection with the purchase or lease of equipment, building materials, services or other personal property authorized under the Lease Agreement; provided, however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company and/or the Sublessees if such activities and improvements are not completed by such time, and further provided that the Agency shall not unreasonably withhold its consent to the extension of such appointment.

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

OWNER:

60 HOFFMAN LLC
as Agent for and on behalf of
the Town of Islip Industrial Development Agency

By: ____________________________
Name: __________________________
Title: __________________________

DATE: __________________________

Address of Contractor or
Subcontractor

By: ____________________________
Name: Mark Goldman
Title: Vice President

DATE: __________________________

UNITED LIGHTING ELECTRICAL CORP.
as Agent for and on behalf of
the Town of Islip Industrial Development Agency

By: ____________________________
Name: Mark Goldman
Date: Vice President
Address of Contractor or Subcontractor

PLAYACTION, LLC
as Agent for and on behalf of the Town of Islip Industrial Development Agency

By:___________________________
Name: Mark Goldman
Date: Vice President

xc: Town of Islip Industrial Development Agency
ADDENDUM A

DESCRIPTION OF THE FACILITY

The “Facility” consists of (a) the acquisition of an approximately 3.2 acre parcel of land located at 60 Hoffman Avenue, Hauppauge, New York 11788, and the renovation and equipping of an approximately 62,770 square foot building located thereon.
EXHIBIT D

Form of Proposed PILOT Benefits

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

Definitions

\[ X = 5[_______]. \]

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

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

Payment

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

Formula

1. 100% normal tax on X and 0% normal tax on Y
2. 100% normal tax on X and 10% normal tax on Y
3. 100% normal tax on X and 20% normal tax on Y
4. 100% normal tax on X and 30% normal tax on Y
5. 100% normal tax on X and 40% normal tax on Y
6. 100% normal tax on X and 50% normal tax on Y
7. 100% normal tax on X and 60% normal tax on Y
8. 100% normal tax on X and 70% normal tax on Y
9. 100% normal tax on X and 80% normal tax on Y
10. 100% normal tax on X and 90% normal tax on Y
11 and thereafter 100% normal tax on X and 100% normal tax on Y
RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY TAKING OFFICIAL ACTION TOWARD APPOINTING HEARTLAND RENTAL PROPERTIES, INC., A NEW YORK BUSINESS CORPORATION, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF HEARTLAND RENTAL PROPERTIES, INC. AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AND PARAMOUNT BEAUTY DISTRIBUTING ASSOCIATES, INC., A NEW YORK BUSINESS CORPORATION, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF PARAMOUNT BEAUTY DISTRIBUTING ASSOCIATES, INC. 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, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT AND OF RELATED DOCUMENTS AND MAKING CERTAIN FINDINGS AND DETERMINATIONS WITH RESPECT TO THE FACILITY

WHEREAS, Heartland Rental Properties, 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 Heartland Rental Properties, Inc. and/or an entity formed or to be formed on behalf of the foregoing (collectively, the “Company”) has applied to the Town of Islip Industrial Development Agency (the “Agency”) for its assistance in (a) the acquisition of an approximately 4.0 acre parcel of land at 60 Heartland Boulevard, Edgewood, Town of Islip, Suffolk County, New York (the “Land”), and the renovation and equipping of an approximately 59,000 square foot building located thereon including, but not limited to equipment and supplies (the “Improvements”) and the acquisition and installation of certain equipment not part of the Equipment (as such term is defined in Exhibit A to the Equipment Lease Agreement, to be dated a date to be determined (the “Equipment Lease Agreement”), between the Agency and the hereinafter defined Sublessee) (the “Facility Equipment”; and, together with the Land and Improvements, the “Company Facility”), all to be leased by the Agency to the Company for further sublease by the Company to, and used by, Paramount Beauty Distributing Associates, 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 Paramount Beauty Distributing Associates, Inc. and/or an entity formed or to be formed on behalf of the foregoing (collectively, the “Sublessee”), and (b) the acquisition and installation of the Equipment (the “Equipment”), which Equipment is to be leased by the Agency to the Sublessee for use in its beauty product warehouse and distribution including, but not limited to, a pick/pack conveyor system, a line pallet racking system, narrow aisle material handling equipment, reach trucks, computer stations and office furniture (the Company Facility and the Equipment collectively referred to herein as the “Facility”), including the following as they relate to the appointment of the Company and the Sublessee as agents of the Agency pursuant to Section 5 hereof with respect to the acquisition, renovation and equipping of the
Facility, whether or not any materials or supplies described below are incorporated into or become an integral part of such Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with the acquisition, renovation and equipping of the Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with the acquisition, renovation and equipping of the Facility, and (iii) all purchases, leases, rentals and uses of equipment, machinery and other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under such Facility; and

WHEREAS, the Agency will acquire a leasehold interest in the Company Facility and will sublease the Company Facility to the Company for further sub-sublease by the Company 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 Equipment will be leased to the Sublessee by the Agency pursuant to the Equipment Lease Agreement; and

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

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company and the Sublessee consistent with the policies of the Agency, in the form of (i) exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $89,700 (as set forth in the Form of Sales Tax Letter set forth as Exhibit C hereof) and (ii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit D hereof), consistent with the policies of the Agency; and

WHEREAS, 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, and such notice (together with proof of publication) will be substantially in the form annexed hereto as Exhibit A; and

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

WHEREAS, the Agency has given due consideration to the application of the Company and to representations by the Company that the proposed transfer of a leasehold interest in the real property is either an inducement to the Company and the Sublessee to maintain and expand its respective operations in the Town of Islip or is necessary to maintain the competitive position of the Company and the Sublessee in their respective industry; and

WHEREAS, 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 transfer of fee title or a leasehold interest in and to
the Company Facility to the Agency, the transfer of fee title to the Equipment to the Agency,
the lease of the Company Facility to the Company and the lease of the Equipment to the
Sublessee; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the
regulations adopted pursuant thereto by the Department of Environmental Conservation of
the State of New York (collectively, the “SEQR Act” or “SEQR”), the Agency constitutes a
“State Agency”; and

WHEREAS, to aid the Agency in determining whether the Facility may have a
significant effect upon the environment, the Company and the 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 reviewed by the Agency and other representations and information furnished
by the Company regarding the Company Facility, the Agency determines that the action
relating to the acquisition, renovation, equipping and operation of the Company 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 and the
leasing of the Company Facility to the Company, the subleasing of the Company Facility to
the Sublessee and 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. The form and substance of a proposed inducement agreement (in
substantially the form presented to this meeting) by and among the Agency, the Company
and the Sublessee setting forth the undertakings of the Agency, the Company and the
Sublessee with respect to the development of the Facility (the “Agreement”) is hereby
approved. The Chairman and the Executive Director of the Agency are hereby authorized,
on behalf of the Agency, to execute and deliver the Agreement, with such changes in terms
and form as the Chairman or the Executive Director shall approve. The execution thereof by
the Chairman or the Executive Director shall constitute conclusive evidence of such approval.

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

Section 5. The Company and the Sublessee are hereby appointed the true and lawful agents of the Agency to acquire, renovate and equip the Facility on behalf of the Agency, with the authority to delegate their respective status as agents of the Agency to the Company's and the Sublessee's respective agents, subagents, contractors, subcontractors, suppliers, vendors and other such parties as the Company and the Sublessee may choose. The terms and conditions for the appointment of the Company and the Sublessee as agents of the Agency for the purposes described in this Section 5 are set forth in the form of the attached letter addressed to the Company and the Sublessee, marked as Exhibit C to this resolution, which is incorporated herein by reference. The appointment described above includes the following activities as they relate to the acquisition, renovation and equipping of the Facility, whether or not the materials, services or supplies described below are incorporated into or become an integral part of the Facility: (i) all purchases, leases, rentals and other uses of tools, machinery, computers 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 in connection with the acquisition, renovation and equipping of the Facility, and (iii) all purchases, leases, rentals and uses of equipment, machinery, computers and other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under the Facility. This agency appointment includes the power to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agents for the Agency, and in general to do all things which may be requisite or proper for completing the Facility, all with the same powers and with the same validity as would the Agency if acting on its own behalf. This agency appointment expressly excludes the Company and the Sublessee from purchasing 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 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) the date on which the Agency designates, or (c) the date on which the Company has received exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $89,700 provided however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company and the Sublessee if such activities and improvements are not completed by such time. The aforesaid appointment of the Company and the Sublessee is subject to the Agency conducting a public hearing following public notice thereof as required by the Act and the adoption by the Agency of a ratification resolution after such public hearing has been held and minutes thereof have been made available to the members of the Agency to aid in their deliberations.
Section 6. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company and the Sublessee in connection with the acquisition, renovation and equipping of the Facility in the form of (i) exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed $89,700 (as set forth in the Form of Sales Tax Letter set forth as Exhibit C hereof) and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit D hereof), consistent with the policies of the Agency.

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

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

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

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

: SS.:  

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

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

Such resolution was passed at a meeting of the Agency duly convened in public session on November 19, 2013, at Islip Town Hall, 655 Main Street, Islip, New York, at which meeting the following members were, 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:

AYE

NAY
and, therefore, the resolution was declared duly adopted.

The Agreement and the Application are in substantially the form presented to and approved at such meeting.

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

IN WITNESS WHEREOF, I have hereunto set my hand as of November 19, 2013.

______________________________
Secretary
EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Title 1 of Article 18-A of the New York State General Municipal Law will be held by the Town of Islip Industrial Development Agency (the "Agency") on the ___ day of ________, 2013, at _______ a.m., local time, at Town of Islip, Offices of Economic Development, 40 Nassau Avenue, Islip, New York 11751, in connection with the following matters:

Heartland Rental Properties, Inc., a duly organized and validly existing New York limited liability company, on behalf of itself and/or the principals of Heartland Rental Properties, Inc. and/or an entity formed or to be formed on behalf of the foregoing (collectively, the "Company") has applied to the Agency for its assistance in (a) the acquisition of an approximately 4.0 acre parcel of land at 60 Heartland Boulevard, Edgewood, Town of Islip, Suffolk County, New York (the "Land"), and the renovation and equipping of an approximately 59,000 square foot building located thereon including, but not limited to equipment and supplies (the "Improvements") and the acquisition and installation of certain equipment not part of the Equipment (as such term is defined in Exhibit A to the Equipment Lease Agreement), to be dated a date to be determined (the "Equipment Lease Agreement"), between the Agency and the hereinafter defined Sublessee (the "Facility Equipment); and, together with the Land and Improvements, the "Company Facility"), all to be leased by the Agency to the Company for further sublease by the Company to, and used by, Paramount Beauty Distributing Associates, 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 Paramount Beauty Distributing Associates, Inc. and/or an entity formed or to be formed on behalf of the foregoing (collectively, the "Sublessee"), and (b) the acquisition and installation of the Equipment (the "Equipment"), which Equipment is to be leased by the Agency to the Sublessee for use in its beauty product warehouse and distribution including, but not limited to, a pick/pack conveyor system, a line pallet racking system, narrow aisle material handling equipment, reach trucks, computer stations and office furniture (the Company Facility and the Equipment collectively referred to herein as the "Facility"). The Company Facility will be initially owned, operated and/or managed by the Company.

The Agency will acquire title to or a leasehold interest in the Facility and lease or sublease the Company Facility to the Company and lease the Equipment to the Sublessee, and the Company will sublease the Company Facility to the Sublessee. At the end of the lease term, the Company will purchase the Company Facility from the Agency and the Sublessee will purchase the Equipment from the Agency. The Agency contemplates that it will provide financial assistance to the Company and the Sublessee in the form of 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 and the Sublessee 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 and the Sublessee with the Agency and an analysis of the costs and benefits of the proposed Facility.

Dated: November __, 2013

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

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

MINUTES OF PUBLIC HEARING HELD ON
[________, 2013]

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
(HEARTLAND RENTAL PROPERTIES, INC./PARAMOUNT BEAUTY DISTRIBUTING
ASSOCIATES, INC. 2013 FACILITY)

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

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

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

Heartland Rental Properties, Inc., a duly organized and validly
existing New York limited liability company, on behalf of
itself and/or the principals of Heartland Rental Properties, Inc.
and/or an entity formed or to be formed on behalf of the
foregoing (collectively, the “Company”) has applied to the
Agency for its assistance in (a) the acquisition of an
approximately 4.0 acre parcel of land at 60 Heartland
Boulevard, Edgewood, Town of Islip, Suffolk County, New
York (the “Land”), and the renovation and equipping of an
approximately 59,000 square foot building located thereon
including, but not limited to equipment and supplies (the
“Improvements”) and the acquisition and installation of
certain equipment not part of the Equipment (as such term is
defined in Exhibit A to the Equipment Lease Agreement, to be
dated a date to be determined (the “Equipment Lease
Agreement”), between the Agency and the hereinafter defined
Sublessee) (the “Facility Equipment”; and, together with the
Land and Improvements, the “Company Facility”), all to be
leased by the Agency to the Company for further sublease by
the Company to, and used by, Paramount Beauty Distributing
Associates, 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 Paramount Beauty Distributing
Associates, Inc. and/or an entity formed or to be formed on
behalf of the foregoing (collectively, the “Sublessee”), and (b)
the acquisition and installation of the Equipment (the “Equipment”), which Equipment is to be leased by the Agency to the Sublessee for use in its beauty product warehouse and distribution including, but not limited to, a pick/pack conveyor system, a line pallet racking system, narrow aisle material handling equipment, reach trucks, computer stations and office furniture (the Company Facility and the Equipment collectively referred to herein as the “Facility”). The Company Facility will be initially owned, operated and/or managed by the Company.

The Agency proposes to provide financial assistance to the Company and the Sublessee in connection with the Facility in the form of exemptions from sales and use taxes and abatement of real property taxes consistent with the policies of the Agency.

4. The hearing officer then opened the hearing for comments from the floor for or against the proposed transfer of real estate, the other financial assistance proposed by the Agency and the location and nature of the Facility. The following is a listing of the persons heard and a summary of their views:
5. The hearing officer then asked if there were any further comments, and, there being none, the hearing was closed at _____.

________________________________________
Hearing Officer
STATE OF NEW YORK )
COUNTY OF SUFFOLK )

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

That I have compared the foregoing copy of the minutes of a public hearing held by the Town of Islip Industrial Development Agency (the “Agency”) on the ___ day of ________, 2013, at _______ local time, at Town of Islip, Offices of Economic Development, 40 Nassau Avenue, Islip, New York 11751, with the original thereof on file in the office of the Agency, and that the same is a true and correct copy of the minutes in connection with such matter.

IN WITNESS WHEREOF, I have hereunto set my hand as of the ___ day of ________, 2013.

__________________________________
Secretary
EXHIBIT C

(To be copied on Agency letterhead and delivered to the Company and Sublessees when appropriate.)

Gerald Wolkoff, President
Heartland Rental Properties, Inc.
1 Executive Drive
Edgewood, New York 11717

Jeffrey Hagler, Chief Executive Officer
Paramount Beauty Distributing Associates, Inc.
41 Mercedes Way, Unit 34
Edgewood, New York 11717

RE: Town of Islip Industrial Development Agency
(Heartland Rental Properties, Inc./Paramount Beauty Distributing Associates, Inc. 2013 Facility)

Gentlemen:

Pursuant to resolutions duly adopted on November 19, 2013 and [December 10, 2013] the Town of Islip Industrial Development Agency (the “Agency”) appointed Heartland Rental Properties, 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 Heartland Rental Properties, Inc. and/or an entity formed or to be formed on behalf of the foregoing (collectively, the “Company”) and Paramount Beauty Distributing Associates, 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 Paramount Beauty Distributing Associates, Inc. and/or an entity formed or to be formed on behalf of the foregoing (collectively, the “Sublessee”), the true and lawful agents of the Agency in connection with the Agency’s assistance (a) the acquisition of an approximately 4.0 acre parcel of land at 60 Heartland Boulevard, Edgewood, Town of Islip, Suffolk County, New York (the “Land”), and the renovation and equipping of an approximately 59,000 square foot building located thereon including, but not limited to equipment and supplies (the “Improvements”) and the acquisition and installation of certain equipment not part of the Equipment (as such term is defined in Exhibit A to the Equipment Lease Agreement, to be dated a date to be determined (the “Equipment Lease Agreement”), between the Agency and the Sublessee) (the “Facility Equipment”; and, together with the Land and Improvements, the “Company Facility”), all to be leased by the Agency to the Company for further sublease by the Company to, and used by, the Sublessee, and (b) the acquisition and installation of the Equipment (the “Equipment”), which Equipment is to be leased by the Agency to the Sublessee for use in its beauty product warehouse and
distribution including, but not limited to, a pick/pack conveyor system, a line pallet racking system, narrow aisle material handling equipment, reach trucks, computer stations and office furniture (the Company Facility and the Equipment collectively referred to herein as the “Facility”).

This appointment shall be effective as of the date of the sales tax letter and includes authority to purchase on behalf of the Agency all materials to be incorporated into and made an integral part of the Facility, and the following activities as they relate to any construction, erection, renovation, equipping and completion of any buildings, whether or not any materials, equipment or supplies described below are incorporated into or become an integral part of such Facility: (i) all purchases, leases, rentals and other uses of tools, machinery, computers 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, computers and other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under such Facility.

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

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

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

The aforesaid appointment of the Company and the Sublessee, as agents of the Agency to acquire, renovate and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, or (b) [__________, 20____], or (c) the date on which the Company and/or the Sublessee receives exemptions from sales and use taxes in an amount not to exceed $89,700 in connection with the purchase or lease of equipment, building materials, services or other personal property authorized under the Lease Agreement; provided, however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company and/or the Sublessee if such activities and improvements are not completed by such time, and further provided that the Agency shall not unreasonably withhold its consent to the extension of such appointment.

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

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

(Remainder of Page Intentionally left Blank – Signature Page Follows)
Heartland Rental Properties, Inc.
Paramount Beauty Distributing Associates, Inc.
December [___], 2013
Page 3

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

Very truly yours,

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

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

ACCEPTED & AGREED:

HEARTLAND RENTAL PROPERTIES, INC.

By: __________________________________________
Name: Gerald Wolkoff
Title: President

PARAMOUNT BEAUTY DISTRIBUTING ASSOCIATES, INC.

By: __________________________________________
Name: Jeffrey Hagler
Title: Chief Executive Officer
TO: All Contractors, Subcontractors,  
Suppliers and Vendors, etc. of 
Heartland Rental Properties, Inc. and 
Paramount Beauty Distributing Associates, Inc.

Attached please find a “Contract in Lieu of Exemption Certificate” (the “Contract”) which will serve as documentation for not charging Heartland Rental Properties, Inc., a business corporation organized and existing under the laws of the State of New York (the “Company”), or Paramount Beauty Distributing Associates, Inc., a business corporation organized and existing under the laws of the State of New York (the “Sublessee”), for sales or use tax in connection with any purchase, lease, rental and other use of materials, equipment, goods, services or supplies at the facility owned by the Town of Islip Industrial Development Agency (the “Agency”) and described in Addendum A to the aforesaid Contract (the “Facility”).

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

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

Very truly yours,

HEARTLAND RENTAL PROPERTIES, INC.

By: __________________________
Gerald Wolkoff, President

PARAMOUNT BEAUTY DISTRIBUTING ASSOCIATES, INC.

By: __________________________
Jeffrey Hagler, Chief Executive Officer

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

This Contract is entered into by and among HEARTLAND RENTAL PROPERTIES, INC., a business corporation organized and existing under the laws of the State of New York (the “Company”) and PARAMOUNT BEAUTY DISTRIBUTING ASSOCIATES, INC., a business corporation organized and existing under the laws of the State of New York (the “Sublessee”), as agents for and on behalf of the TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation and a governmental agency of the State of New York, hereinafter called the “Agency” or the “Owner” of the facility described in Addendum A hereto (the “Facility”), and the contractor or the subcontractor more particularly described on page 2 hereof (hereinafter, the “Contractor”).

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

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

These exemptions expressly prohibit the Company and the Sublessee from purchasing any motor vehicles, including cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets.

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

The aforesaid appointment of the Company and the Sublessee as agents of the Agency to acquire, renovate and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, (b) [_______, 20___], or (c) the date on which the Company
and/or the Sublessee receives exemptions from sales and use taxes in an amount not to exceed $89,700 in connection with the purchase or lease of equipment, building materials, services or other personal property authorized under the Lease Agreement; provided, however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company and/or the Sublessee if such activities and improvements are not completed by such time, and further provided that the Agency shall not unreasonably withhold its consent to the extension of such appointment.

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

---

OWNER:

HEARTLAND RENTAL PROPERTIES, INC.
as Agent for and on behalf of
the Town of Islip Industrial Development Agency

By: ____________________________
Name: __________________________
Title: __________________________
DATE: __________________________

PARAMOUNT BEAUTY DISTRIBUTING ASSOCIATES, INC.
as Agent for and on behalf of
the Town of Islip Industrial Development Agency

By: ____________________________
Name: Jeffrey Hagler
Title: Chief Executive Officer
Date: ___________________________
ADDENDUM A

DESCRIPTION OF THE FACILITY

The “Facility” consists of the acquisition of an approximately 4.0 acre parcel of land at 60 Heartland Boulevard, Edgewood, Town of Islip, Suffolk County, New York (the “Land”), and the renovation and equipping of an approximately 59,000 square foot building located thereon including, but not limited to, a pick/pack conveyor system, a line pallet racking system, narrow aisle material handling equipment, reach trucks, computer stations and office furniture.
EXHIBIT D

Form of Proposed PILOT Benefits

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

Definitions

\[ X = $[\underline{\text{_________}}] \].

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

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

Payment

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

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