MEETING OF THE TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY
December 16, 2014
Agenda

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

2. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to approve the minutes from the meeting on December 2, 2014.

3. To consider the adoption of an Inducement/Authorizing Resolution between the Town of Islip Industrial Development Agency and Spirit Pharmaceuticals, located at 2004 N. Orville Drive, Ronkonkoma.

4. To consider the adoption of an Authorizing Resolution between the Town of Islip Industrial Development Agency and 100 Pineaire Drive, LLC/Rubies Costume Company Inc. located at 100 Pineaire Drive, Bay Shore.

5. To consider the adoption of a Resolution authorizing the mortgage refinancing of Briad Development East, located at 0 Carleton Avenue, Central Islip.

6. To consider the adoption of a Preliminary Inducement Resolution between the Town of Islip Industrial Development Agency and C. Vignola Realty, LLC./Century Direct, LLC., located at 15 Enter Lane, Islandia.

7. To consider the adoption of a Preliminary Inducement Resolution between the Town of Islip Industrial Development Agency and Chaika Holding Corp./Century Direct, LLC., located at 130 Hoffman Avenue, Islandia.

8. To consider any other business that may come before the Agency.
1. The Special Meeting of the Town of Islip Industrial Development Agency was called to order on a motion by Member Senft and seconded by Member Cochrane.

Motions were presented to approve and adopt the following resolution on the December 2, 2014 IDA Agenda. The resolutions were as follows:

2. To consider the adoption of a Resolution on behalf of the Town of Islip Industrial Development Agency to approve the minutes from the Special Meeting of the Members of the Town of Islip Industrial Development Agency on November 18, 2014. On a motion by Member Senft and seconded by Member Cochrane, said resolution was approved unanimously.

3. To consider the adoption of a Preliminary Inducement Resolution between the Town of Islip Industrial Development Agency and Spirit Pharmaceuticals, located at 2004 N. Orville Drive, Ronkonkoma, New York. On a motion by Member Bergin Weichbrodt and seconded by Member Flotteron, said resolution was approved unanimously.

4. To consider the adoption an Inducement Resolution between the Town of Islip Industrial Development Agency and Rubies Costume Company, Inc. located at 100 Pineaire Drive, Bay Shore. On a motion by Member Cochrane and seconded by Member 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 Design Works Craft, located at 70 Orville Drive, Bohemia. On a motion by Member Senft and seconded by Member Flotteron, said resolution was approved unanimously.

6. The December 2, 2014 meeting of the IDA Board was adjourned on a motion by Member Flotteron and seconded by Member Cochrane.
At a meeting of the Town of Islip Industrial Development Agency (the “Agency”), held at Islip Town Hall, 655 Main Street, Islip, New York on the 16th day of December, 2014, the following members of the Agency were:

Present:

Absent:

Also Present:

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to acquisition of title to a certain industrial development facility more particularly described below (Rep D - 2026 LLC/Spirit Pharmaceuticals LLC 2014 Facility) and the leasing of the facility to Rep D - 2026 LLC for further subleasing to Spirit Pharmaceuticals LLC.

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

Voting Aye  

Voting Nay  


RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, RENOVATION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE APPOINTMENT OF REP D - 2026 LLC, A DELAWARE LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF REP D - 2026 LLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AND SPIRIT PHARMACEUTICALS LLC, A VIRGINIA LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF SPIRIT PHARMACEUTICALS 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 AN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS AND MAKING CERTAIN FINDINGS AND DETERMINATIONS

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

WHEREAS, Rep D - 2026 LLC, a Delaware limited liability company on behalf of itself and/or the principals of Rep D - 2026 LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company"), and Spirit Pharmaceuticals LLC, a Virginia limited liability company, on behalf of itself and/or the principals of Spirit Pharmaceuticals LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Sublessee"), have applied to the Town of Islip Industrial Development Agency (the "Agency") to enter into a transaction in which the Agency will assist in (a) the acquisition of an approximately 7.44 acre parcel of land located at 2004 Orville Drive North, Ronkonkoma, New York 11779 (the "Land"), the renovation of an approximately 54,000 square foot building located thereon (the "Improvements") and the acquisition and installation therein of certain equipment not part of the Equipment (as such term is defined herein) (the "Facility Equipment"; and, together with the Land and the Improvements, the "Company Facility"), which Company Facility is to be leased by the Agency to the Company and subleased by the Company to the Sublessee and (b) the acquisition and installation of certain equipment and personal property (the "Equipment"), which Equipment is to be leased by the Agency to the Sublessee (the Company Facility and the Equipment are collectively referred to herein as the "Facility"), and which Facility is to be used by the Sublessee for its primary use in its business of importing, packaging and distribution of over-the-counter pharmaceuticals, including the following as they relate to the appointment of the Company and the Sublessee as agents of the Agency pursuant to Section 7 hereof with respect to the acquisition, renovation and equipping of such Facility, whether or not any materials or supplies described below are incorporated into or become an
integral part of such Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with the acquisition, renovation and equipping of the Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with the acquisition, renovation and equipping of the Facility, and (iii) all purchases, leases, rentals and uses of equipment, machinery and other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under such Facility; and

WHEREAS, the Agency will acquire a leasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of January 1, 2015 or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency shall agree (the “Company Lease”), by and between the Company and the Agency; and

WHEREAS, the Agency will sublease and lease the Company Facility to the Company pursuant to a certain Lease Agreement, dated as of January 1, 2015 or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency shall agree (the “Lease Agreement”), by and between the Agency and the Company; and

WHEREAS, the Agency will lease the Equipment to the Sublessee pursuant to a certain Equipment Lease Agreement, dated as of January 1, 2015 or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency shall agree (the “Equipment Lease Agreement”), by and between the Agency and the Sublessee; and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company consistent with the policies of the Agency, in the form of (i) exemptions from sales and use taxes in an amount not to exceed $240,000 in connection with the purchase or lease of equipment, building materials, services or other personal property, and (ii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereof), consistent with the policies of the Agency; and

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

WHEREAS, a public hearing (the “Hearing”) was held and notice of the Hearing was given and such notice (together with proof of publication) together with the minutes of the Hearing are in substantially in the form annexed hereto as Exhibits A and B respectively; and

WHEREAS, in order to define the Company and the Sublessee’s obligations regarding payments-in-lieu-of taxes with respect to the Facility, the Agency, the Company and the Sublessee will enter into a certain Payment-in-Lieu-of-Tax Agreement, dated as of January 1, 2015 or such date as may be determined by the Agency and counsel to the Agency (the “PILOT Agreement”), pursuant to which the Company and the Sublessee will make payments in lieu of taxes on the Facility; and
WHEREAS, in connection with the leasing and the subleasing of the Facility, the Agency, the Company and the Sublessee will enter into a certain Recapture Agreement, dated as of January 1, 2015 or such date as may be determined by the Agency and counsel to the Agency (the “Recapture Agreement”), among the Agency, the Company and the Sublessee; and

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

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

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

WHEREAS, the Questionnaire has been reviewed by the Agency; 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 leasehold title to the Company Facility and title to the Equipment (as such term is defined in the Lease Agreement); and

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

Section 1. Based upon the Environmental Assessment Form completed by the Company and the Sublessee and reviewed by the Agency and other representations and information furnished by the Company regarding the Facility, the Agency determines that the action relating to the acquisition, renovation, equipping and operation of the Facility is an “unlisted” action, as that term is defined in the SEQR Act. The Agency also determines that the action will not have a “significant effect” on the environment, and, therefore, an environmental impact statement will not be prepared. This determination constitutes a negative declaration for purposes of SEQR. Notice of this determination shall be filed to the extent required by the applicable regulations under SEQR or as may be deemed advisable by the Chairman or Executive Director of the Agency or counsel to the Agency.
Section 2. The Agency hereby finds and determines:

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

(b) The Facility will preserve the public purposes of the Act by increasing the number of private sector jobs in the Town of Islip. The Company and the Sublessee have represented to the Agency that they will create or maintain twenty-one (21) full-time employees within the first year of completion and thirty (30) full-time employees within the second year upon completion.

(c) The Facility constitutes a “project”, as such term is defined in the Act.

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

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

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

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

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

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

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

(k) The PILOT Agreement will be an effective instrument whereby the Agency, the Company and the Sublessee set forth the terms and conditions of their agreement regarding the Company’s and the Sublessee’s payments in lieu of real property taxes; and
(l) The Recapture Agreement will be an effective instrument whereby the Agency, the Company and the Sublessee agree to provide for the obligations of the Company and the Sublessee under the Transaction Documents (as defined in the Lease Agreement) and describe the circumstances in which the Agency may recapture some or all of the benefits granted to the Company and the Sublessee; and

(m) The Environmental Compliance and Indemnification Agreement, dated as of January 1, 2015 or such other date as may be determined by the Agency and counsel to the Agency (the “Environmental Compliance and Indemnification Agreement”), by and among the Agency, the Company and the Sublessee will be an effective instrument whereby the Company and the Sublessee agree to comply with all Environmental Laws (as defined therein) applicable to the Facility and will indemnify and hold harmless the Agency for all liability under all such Environmental Laws; and

(n) The Agency Compliance Agreement, dated as of January 1, 2015 or such other date as may be determined by the Agency and counsel to the Agency (the “Agency Compliance Agreement”), between the Agency and the Sublessee will be an effective instrument whereby the Sublessee will provide certain assurances to the Agency with respect to the Sublease Agreement.

Section 3. In consequence of the foregoing, the Agency hereby determines to: (i) lease the Land and the Improvements from the Company pursuant to the Company Lease, (ii) execute, deliver and perform the Company Lease, (iii) lease the Company Facility to the Company pursuant to the Lease Agreement, (iv) execute, deliver and perform the Lease Agreement, (v) lease the Equipment to the Sublessee pursuant to the Equipment Lease Agreement, (vi) execute, deliver and perform the Equipment Lease Agreement, (vii) execute, deliver and perform the PILOT Agreement, (viii) execute, deliver and perform the Recapture Agreement, (ix) execute and deliver the Environmental Compliance and Indemnification Agreement, and (x) execute and deliver the Agency Compliance Agreement.

Section 4. The Agency is hereby authorized to acquire the real property and personal property described in Exhibit A and Exhibit B, respectively, to the Lease Agreement, the personal property described in Exhibit A to the Equipment Lease Agreement and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 5. 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 an amount not to exceed $240,000 in connection with the purchase or lease of equipment, building materials, services or other personal property, and (ii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereto), consistent with the policies of the Agency.

Section 6. Subject to the provisions of this resolution, the Company and the Sublessee are herewith and hereby appointed the agents of the Agency to acquire, renovate
equip the Facility. The Company and the Sublessee are hereby empowered to delegate their respective status as agent of the Agency to its agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company and the Sublessee may choose in order to acquire, renovate and equip the Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of the Company and the Sublessee as agents of the Agency solely for purposes of making sales or leases of goods, services and supplies to the Facility, and any such transaction between any agent, subagent, contractor, subcontractor, materialmen, vendor or supplier, and the Company and the Sublessee, as agents of the Agency, shall be deemed to be on behalf of the Agency and for the benefit of the Facility. This agency appointment expressly excludes the purchase by the Company and the Sublessee of any motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets. The Company and the Sublessee shall indemnify the Agency with respect to any transaction of any kind between and among the agents, subagents, contractors, subcontractors, materialmen, vendors and/or suppliers and the Company and the Sublessee, as agent of the Agency. The aforesaid appointment of the Company and the Sublessee as agents of the Agency to acquire, renovate and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, (b) a date which the Agency designates, or (c) the date on which the Company has received exemptions from sales and use taxes in an amount not to exceed $240,000 in connection with the purchase or lease of equipment, building materials, services or other personal property; provided however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company and/or the Sublessee if such activities and improvements are not completed by such time. The aforesaid appointment of the Company and the Sublessee is subject to the completion of the transaction and the execution of the documents contemplated by this resolution.

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

Section 8. The form and substance of the Company Lease, the Lease Agreement, the Equipment Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreement to which the Agency is a party (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redated and renamed) are hereby approved.

Section 9. The Chairman, Vice Chairman, Executive Director or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Company Lease, the Lease Agreement, the Equipment Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreement to which the Agency is a party, all in substantially the forms thereof presented to this meeting with such changes, variations,
omissions and insertions as the Chairman, Vice Chairman, Executive Director or any member of the Agency shall approve, and such other related documents as may be, in the judgment of the Chairman and counsel to the Agency, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the “Agency Documents”). The execution thereof by the Chairman, Vice Chairman, Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

Section 10. The Chairman, Vice Chairman, Executive Director or any member of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

Section 11. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute and deliver all such additional certificates, instruments and documents, pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 12. Any expenses incurred by the Agency with respect to the Facility shall be paid by the Company and/or the Sublessee. By acceptance hereof, the Company and the Sublessee agree to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Facility.

Section 13. This resolution shall take effect immediately.

ADOPTED: December 16, 2014

ACCEPTED: _________ 2014

REP D - 2026 LLC

By:
Name:
Title:

SPIRIT PHARMACEUTICALS LLC

By:
Name:
Title:
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 annexed extract of the minutes of the meeting of the Town of Islip Industrial Development Agency (the “Agency”), including the resolutions contained therein, held on the 16th day of December, 2014, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand as of the 16th day of December, 2014.

By: ____________________________
    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 [____]th day of December, 2014, at [____:00 __m.], local time, at Town of Islip, Offices of Economic Development, 40 Nassau Avenue, Islip, New York 11751, in connection with the following matters:

Rep D - 2026 LLC, a Delaware limited liability company on behalf of itself and/or the principals of Rep D - 2026 LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “Company”), and Spirit Pharmaceuticals LLC, a Virginia limited liability company, on behalf of itself and/or the principals of Spirit Pharmaceuticals LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “Sublessee”), have applied to the Town of Islip Industrial Development Agency (the “Agency”) to enter into a transaction in which the Agency will assist in (a) the acquisition of an approximately 7.44 acre parcel of land located at 2004 Orville Drive North, Ronkonkoma, New York 11779 (the “Land”), the renovation of an approximately 54,000 square foot building located thereon (the “Improvements”) and the acquisition and installation therein of certain equipment not part of the Equipment (as such term is defined herein) (the “Facility Equipment”); and, together with the Land and the Improvements, the “Company Facility”), which Company Facility is to be leased by the Agency to the Company and subleased by the Company to the Sublessee and (b) the acquisition and installation of certain equipment and personal property (the “Equipment”), which Equipment is to be leased by the Agency to the Sublessee (the Company Facility and the Equipment are collectively referred to herein as the “Facility”), and which Facility is to be used by the Sublessee for its primary use in its business of importing, packaging and distribution of over-the-counter pharmaceuticals. The Company Facility will be initially owned, operated and/or managed by the Company. The Equipment will be initially owned by the Sublessee.

The Agency will acquire title to or a leasehold interest in the Company Facility and lease the Company Facility to the Company for further sublease by the Company to the Sublessee. The Agency will acquire title to the Equipment and lease the Equipment to the Sublessee. At the end of the lease term, the Company will purchase the Company Facility 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 in connection with the renovation and equipping of the Facility, abatement of real property taxes consistent with the policies of the Agency, and exemption from mortgage recording taxes, if requested.

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.
EXHIBIT C

Form of Proposed PILOT Benefits

Formula for payments-in-lieu-of-taxes: Town of Islip, (including any existing incorporated village and any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located), Connetquot School District, Suffolk County and Appropriate Special Districts

Definitions

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

Payment Formula

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At a meeting of the Town of Islip Industrial Development Agency (the “Agency”), held at Islip Town Hall, 655 Main Street, Islip, New York on the 16th day of December, 2014 the following members of the Agency were:

Present:

Absent:

Also Present:

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to acquisition of title to a certain industrial development facility more particularly described below (100 Pineaire Drive, LLC/Rubies Costume Company, Inc. Facility) and the leasing of the facility to 100 Pineaire Drive, LLC for further sublease to Rubies Costume Company, Inc.

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

Voting Aye

Voting Nay
RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, RENOVATION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY TO BE LEASED TO 100 PINEAIRE DRIVE, LLC, A NEW YORK LIMITED LIABILITY COMPANY AND TO BE SUBLIEASED TO RUBIES COSTUME COMPANY, INC., A NEW YORK BUSINESS CORPORATION AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS.

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

WHEREAS, 100 Pineaire Drive, 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 100 Pineaire Drive, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “Company”) and Rubies Costume Company, 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 Rubies Costume Company, Inc. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “Sublessee”), have applied to the Town of Islip Industrial Development Agency (the “Agency”) to enter into a transaction in which the Agency will assist in (a) the acquisition of an approximately 2.84 acre parcel of land located at 100 Pine Aire Drive, Bay Shore, New York 11706 (the “Land”) and the renovation and equipping thereon of an approximately 55,000 square foot building, together with the acquisition, installation and equipping of improvements, structures and other related facilities attached to the Land (the “Improvements”) and the acquisition and installation therein of certain equipment not part of the Equipment (as such term is defined herein) (the “Facility Equipment”); and, together with the Land and the Improvements, the “Company Facility”); which Company Facility will be leased by the Agency to the Company, and (b) the renovation of the Company Facility and the acquisition and installation of certain equipment and personal property (the “Equipment”), which Equipment is to be leased by the Agency to the Sublessee (the Company Facility and the Equipment are collectively referred to herein as the “Facility”), and which Facility will used by the Sublessee in its business in the manufacture and distribution of Halloween costumes and accessories, including the following as they relate to the appointment of the Company and the Sublessee as agent(s) of the Agency with respect to the acquisition, renovation and equipping of such Facility, whether or not any materials or supplies described below are incorporated into or become an integral part of such Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with the acquisition, renovation and equipping of the Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with the acquisition, renovation and equipping of the Facility, and (iii) all purchases, leases, rentals and uses of equipment, machinery and
other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under such Facility; and

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

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

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

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company consistent with the policies of the Agency, in the form of (i) exemptions from sales and use taxes in an amount not to exceed $20,000, in connection with the purchase or lease of equipment, building materials, services or other personal property, (ii) exemptions from mortgage recording taxes for one or more mortgages securing the principal amount presently estimated to be $2,100,000 but not to exceed $2,500,000 in connection with the financing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit A hereof); and

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

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

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

- 3 -
WHEREAS, as security for a loan or loans (as such term is defined in the Lease Agreement), the Agency and the Company will execute and deliver to a lender or lenders not yet determined (collectively, the "Lender"), a mortgage or mortgages, and such other loan documents satisfactory to the Agency, upon advice of counsel, in both form and substance, as may be reasonably required by the Lender, to be dated a date to be determined, in connection with the financing, any refinancing or permanent financing of the costs of the acquisition, renovation and equipping of the Facility (collectively, the "Loan Documents"); and

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

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

Section 1. The Agency hereby finds and determines:

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

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

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

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

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

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

(g) It is desirable and in the public interest for the Agency to lease the Company Facility to the Company and the Equipment to the Sublessee; and
(h) The Company Lease will be an effective instrument whereby the Agency leases the Land and the Improvements from the Company; and

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

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

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

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

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

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

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

Section 2. In consequence of the foregoing, the Agency hereby determines to:
(i) lease the Land and the Improvements from the Company pursuant to the Company Lease,
(ii) execute, deliver and perform the Company Lease,
(iii) lease the Company Facility to the Company pursuant to the Lease Agreement,
(iv) execute, deliver and perform the Lease Agreement,
(v) lease the Equipment to the Sublessee pursuant to the Equipment Lease Agreement,
(vi) execute, deliver and perform the Equipment Lease Agreement,
(vii) execute, deliver and perform the PILOT Agreement,
(viii) execute, deliver and perform the Recapture Agreement,
(ix) execute and deliver the Environmental Compliance and Indemnification Agreement,
(x) execute and deliver the Agency Compliance Agreement,
(xi) grant a mortgage on and security interests in and to the Facility pursuant to the Loan Documents,
(xii) execute, deliver and perform the Loan Documents to which the Agency is a party.
Section 3. The Agency is hereby authorized to acquire the real property and personal property described in Exhibit A and Exhibit B, respectively, to the Lease Agreement, the personal property described in Exhibit A to the Equipment Lease Agreement and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

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

Section 5. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company and the Sublessee in connection with the acquisition, renovation and equipping of the Facility in the form of (i) exemptions from sales and use taxes in an amount not to exceed $20,000, in connection with the purchase or lease of equipment, building materials, services or other personal property, (ii) exemptions from mortgage recording taxes for one or more mortgages securing the principal amount presently estimated to be $2,100,000 but not to exceed $2,500,000 in connection with the financing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit A hereof), consistent with the policies of the Agency.

Section 6. Subject to the provisions of this resolution, the Company and the Sublessee are herewith and hereby appointed the agents of the Agency to acquire, renovate equip the Facility. The Company and the Sublessee are hereby empowered to delegate their respective status as agent of the Agency to its agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company and the Sublessee may choose in order to acquire, renovate and equip the Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of the Company and the Sublessee as agents of the Agency solely for purposes of making sales or leases of goods, services and supplies to the Facility, and any such transaction between any agent, subagent, contractor, subcontractor, materialmen, vendor or supplier, and the Company and the Sublessee, as agents of the Agency, shall be deemed to be on behalf of the Agency and for the benefit of the Facility. This agency appointment expressly excludes the purchase by the Company and the Sublessee of any motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets. The Company and the Sublessee shall indemnify the Agency with respect to any transaction of any kind between and among the agents, subagents, contractors, subcontractors, materialmen, vendors and/or suppliers and the Company and the Sublessee, as agent of the Agency. The aforesaid appointment of the Company and the Sublessee as agents of the Agency to acquire, renovate and equip the Facility shall expire at
the earlier of (a) the completion of such activities and improvements, (b) a date which the Agency designates, or (c) the date on which the Company has received exemptions from sales and use taxes in an amount not to exceed $20,000, in connection with the purchase or lease of equipment, building materials, services or other personal property; provided however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company and/or the Sublessee if such activities and improvements are not completed by such time. The aforesaid appointment of the Company and the Sublessee is subject to the completion of the transaction and the execution of the documents contemplated by this resolution.

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

Section 8. The form and substance of the Company Lease, the Lease Agreement, the Equipment Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement, the Agency Compliance Agreement and the Loan Documents to which the Agency is a party (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redated and renamed) are hereby approved.

Section 9.

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

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

Section 10. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute
and deliver all such additional certificates, instruments and documents, pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 11. This resolution shall take effect immediately.
STATE OF NEW YORK  
COUNTY OF SUFFOLK  

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

That I have compared the annexed extract of the minutes of the meeting of the Town of Islip Industrial Development Agency (the “Agency”), including the resolutions contained therein, held on the 16th day of December, 2014, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand as of the 16th day of December, 2014.

By: ________________________________
Assistant Secretary
EXHIBIT A

Form of Proposed PILOT Benefits

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

Definitions:

\[ X = \$486,300 \]

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

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 Sublessee would pay without exemption.

Payment Formula

<table>
<thead>
<tr>
<th>Year</th>
<th>100% normal tax on X and 50% normal tax on Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 2</td>
<td>100% normal tax on X and 55% normal tax on Y</td>
</tr>
<tr>
<td>Year 3</td>
<td>100% normal tax on X and 60% normal tax on Y</td>
</tr>
<tr>
<td>Year 4</td>
<td>100% normal tax on X and 65% normal tax on Y</td>
</tr>
<tr>
<td>Year 5</td>
<td>100% normal tax on X and 70% normal tax on Y</td>
</tr>
<tr>
<td>Year 6</td>
<td>100% normal tax on X and 75% normal tax on Y</td>
</tr>
<tr>
<td>Year 7</td>
<td>100% normal tax on X and 80% normal tax on Y</td>
</tr>
<tr>
<td>Year 8</td>
<td>100% normal tax on X and 85% normal tax on Y</td>
</tr>
<tr>
<td>Year 9</td>
<td>100% normal tax on X and 90% normal tax on Y</td>
</tr>
<tr>
<td>Year 10</td>
<td>100% normal tax on X and 95% normal tax on Y</td>
</tr>
</tbody>
</table>

and thereafter
At a meeting of the Town of Islip Industrial Development Agency (the “Agency”), held at Islip Town Hall, 655 Main Street, Islip, New York, on the 16th day of December, 2014, the following members of the Agency were:

Present:

Absent:

Also Present:

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on a proposed mortgage financing and the execution of related loan documents in connection with a certain industrial development facility more particularly described below (Briad Lodging Group Central Islip, LLC Facility) and approving the execution and delivery of related documents.

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

Voting Aye

Voting Nay
RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL
DEVELOPMENT AGENCY AUTHORIZING MORTGAGE
FINANCING AND THE EXECUTION AND DELIVERY OF LOAN
DOCUMENTS IN CONNECTION THEREWITH FOR THE BRIAD
LODGING GROUP CENTRAL ISLIP, LLC FACILITY AND
APPROVING THE FORM, SUBSTANCE, EXECUTION AND
DELIVERY OF SUCH RELATED DOCUMENTS

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

WHEREAS, the Agency has previously assisted Briad Lodging Group Central Islip,
LLC, a limited liability company, Lodging Group Central Islip, collectively, the “Company”) in
connection with an industrial development facility consisting of the acquisition of an
approximately 3.46 acre parcel of land located at the northeast corner of Carleton Avenue and
Courthouse Drive, Central Islip, New York (more specifically identified as tax map number
0500-207.00-01.00-003.056) (the “Land”) and the construction and equipping of an
approximately 95,205 square foot 4-story, 125 room, all-suite extended stay hotel to be located
thereon, including, but not limited to, a fitness center, conference rooms, a business center, a
pool and additional parking spaces, together with the acquisition and installation of furniture,
fixtures and equipment (the “Improvements” and “Equipment”), leased by the Agency to the
Company to provide a full range of services to the business and leisure traveler visiting the Town
of Islip (the Land, Improvements and Equipment, collectively, the “Facility”); and

WHEREAS, the Agency is currently leasing the Land and the Improvements to the
Company pursuant to a certain Lease Agreement, dated as of June 1, 2012 (the “Lease
Agreement”), a memorandum of which Lease Agreement was to be recorded in the Suffolk
County Clerk’s Office; and

WHEREAS, in connection with the leasing of the Facility, the Agency and the Company
entered into a Payment-in-Lieu-of-Tax Agreement, dated as of June 1, 2012 (the “PILOT
Agreement”), which provided for the Company to make payments in lieu of real property taxes
on the Facility; and

WHEREAS, in connection with the leasing of the Facility, the Agency and the Company
entered into an Environmental Compliance and Indemnification Agreement, dated as of June 1,
2012 (the “Environmental Compliance and Indemnification Agreement”), whereby the
Company agreed to comply with all Environmental Laws (as defined therein) applicable to the
Facility; and

WHEREAS, although the Facility is used in making retail sales to customers who visit
the Facility and would be considered a “retail facility”, based upon the representations and
warranties of the Company in its request for financial assistance, the Facility is located in a
“highly distressed area” as defined in Section 862(2)(b) of the Act and therefore the Facility is
not subject to the prohibitions on providing financial assistance to retail facilities; and
WHEREAS, the Company has now requested the Agency’s consent to enter into a refinancing with Peapack-Gladstone Bank or such other lender as may be determined (the “Lender”) with respect to the Facility in the aggregate principal amount presently expected to be $18,750,000 but not to exceed $20,000,000 (the “2014 Loan”); and

WHEREAS, as security for such 2014 Loan being made to the Company by the Lender, the Company has submitted a request to the Agency that it join with the Company in executing and delivering to the 2014 Lender one or more mortgages and such other loan documents, satisfactory to the Agency, upon advice of counsel, in both form and substance, as may be reasonably requested by the 2014 Lender (the “2014 Loan Documents”); and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company consistent with the policies of the Agency, in the form of exemptions from mortgage recording taxes securing the principal amount presently estimated to be $18,750,000 but not to exceed $20,000,000 in connection with the financing or refinancing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping the Facility; 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;

WHEREAS, by a confirmation to be executed prior to the closing of the transaction described herein (the “Confirmation”), the Supervisor of the Town of Islip, New York (the “Town”), will have confirmed the Agency’s findings and determinations with respect to the Facility that the Facility qualifies as a “project” under the Act and that the Facility satisfies all other requirements of the Act; and

WHEREAS, the Company has agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transactions contemplated by the financing or refinancing of the Facility and the continued leasing and subleasing of the Facility.

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

Section 1. The Agency hereby finds and determines:

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

(b) The Facility continues to constitute a “project”, as such term is defined in the Act.

(c) The financing or refinancing of the acquisition, renovation and equipping of the Facility will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the Town of Islip, Suffolk County and the State of New York and improve their standard of living and thereby serve the public purposes of the Act.
(d) The financing or refinancing of the acquisition, renovation and equipping of the Facility as contemplated in this resolution is reasonably necessary to maintain the competitive position of the Company in its industry.

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

(f) It is desirable and in the public interest for the Agency to assist in the financing or refinancing of the acquisition, renovation and equipping of the Facility.

(g) The 2014 Loan Documents will be effective instruments whereby the Agency and the Company agree to secure the 2014 Loan and assign to the Lender their respective rights under the Lease Agreement (except the Agency’s Unassigned Rights as defined therein).

Section 2.

(a) While the Facility is used in making retail sales to customers who will visit the Facility and would be considered a “retail facility”, based upon the representations and warranties of the Company in the request for financial assistance, the Facility is located in a “highly distressed area” as defined in Section 862(2)(b) of the Act and therefore the Facility is not subject to the prohibitions on providing financial assistance to retail facilities.

(b) The Facility preserves the public purposes of the Act by increasing the number of private sector jobs in the Town of Islip. The Company has represented to the Agency that they will continue to provide 30 full-time employees.

Section 3. In consequence of the foregoing, the Agency hereby determines to: (i) grant a mortgage on and security interest in and to the Facility pursuant to a certain mortgage and security agreement for the benefit of the Lender (the “2014 Mortgage”), (ii) execute, deliver and perform the 2014 Mortgage, and (iii) execute, deliver and perform the 2014 Loan Document to which the Agency is a party, as may be necessary or appropriate to effect the 2014 Loan or any subsequent refinancing of the 2014 Mortgage.

Section 4. Subject to the provisions of this resolution and the Lease Agreement, the Agency is hereby authorized to do all things necessary or appropriate for the execution, delivery and performance of the 2014 Loan Documents and 2014 Mortgage, and such other related documents as may be necessary or appropriate to effect the 2014 Loan, or any subsequent refinancing of the 2014 Loan, and all acts heretofore taken by the Agency with respect to such financing or refinancing are hereby approved, ratified and confirmed.

Section 5. Subject to the provisions of this resolution and the Lease Agreement, the Agency hereby authorizes and approves the following economic benefits to be granted to the Company in the form of exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be $18,750,000 but not to exceed $20,000,000, in
connection with the financing or refinancing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping of the Facility.

Section 6.

(a) Subject to the provisions of this resolution and the Lease Agreement; the Chairman, Executive Director, and all other members of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the 2014 Mortgage and 2014 Loan Documents, together with such other related documents as may be, in the judgment of the Chairman and Agency Counsel, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the "Agency Documents"). The execution thereof by the Chairman, Executive Director, or any member of the Agency shall constitute conclusive evidence of such approval; and

(b) the Chairman, Executive Director, and any member of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional authorized representatives of the Agency.

Section 7. Subject to the provisions of this resolution and the Lease Agreement, the officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute and deliver all such additional certificates, instruments and documents, pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 8. Any expenses incurred by the Agency with respect to the financing or refinancing of the Facility shall be paid by the Company. By acceptance hereof, the Company agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the financing or refinancing of the Facility.

Section 9. This resolution shall take effect immediately.

ADOPTED: December 16, 2014
ACCEPTED: __________ 2014

BRIAD LODGING GROUP CENTRAL
ISLIP, LLC

By:
Name:
Title:
STATE OF NEW YORK)  
COUNTY OF SUFFOLK)  

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

That I have compared the annexed extract of the minutes of the meeting of the Town of Islip Industrial Development Agency (the “Agency”), including the resolutions contained therein, held on December 16, 2014, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original in so far as the same related to the subject matters therein referred to.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand as of the 16th day of December, 2014.

By: __________________________
    Assistant Secretary
PRELIMINARY RESOLUTION OF THE TOWN OF LISLIP INDUSTRIAL DEVELOPMENT AGENCY TAKING OFFICIAL ACTION IN CONNECTION WITH C. VIGNOLA REALTY, LLC, A LIMITED LIABILITY COMPANY ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF C. VIGNOLA REALTY, LLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AND CENTURY DIRECT, LLC, A NEW YORK LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF CENTURY DIRECT, LLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING.

WHEREAS, Century Direct, 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 Century Direct, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “Applicant” and the “Sublessee”), has applied to the Town of Islip Industrial Development Agency (the “Agency”) to enter into a transaction in which the Agency will assist in (a) the acquisition of an approximately 3.3 acre parcel of land located at 15 Enter Lane, Islandia, New York (the “Land”) and the renovation and equipping thereon of an approximately 85,000 square foot building, together with the acquisition, installation and equipping of improvements, structures and other related facilities attached to the Land (the “Improvements”) and the acquisition and installation therein of certain equipment not part of the Equipment (as such term is defined herein) (the “Facility Equipment”; and, together with the Land and the Improvements, the “Company Facility”), which Company Facility will be leased by the Agency to C. Vignola Realty, LLC, a limited liability company organized and existing under the laws of the State of New York (the “Company”), and (b) the Agency’s assistance with the renovation of the Company Facility and the acquisition and installation of certain equipment and personal property including, but not limited to, computers, printing presses, warehouse racking, hi-lo and fork lifts (the “Equipment”), which Equipment is to be leased by the Agency to the Sublessee (the Company Facility and the Equipment are collectively referred to herein as the “Facility”), and which Facility is to be used by the Sublessee in its business in the provision of commercial printing, mailing services, data management and computer services; and

WHEREAS, subject to the Company’s providing the Agency with all necessary information for the Agency to comply with SEQR (defined below) and evidence that the Company has received all necessary site plan approvals, architectural review, zoning approvals, permits, with respect to the Facility, the Agency will consider the inducement of the project; and

WHEREAS, the Agency, subject to the provisions of this preliminary resolution, will consider the acquisition of a leasehold interest in the Facility and will lease or sublease the Facility to the Company for further sublease buy the Company to the Sublessee, 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”);
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;

WHEREAS, pursuant to the State Environmental Quality Review Act (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, as of the date of this preliminary resolution, no determination for the Facility been made under SEQR;

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

Section 1. At such time as the Company submits to the Agency all necessary information for the Agency to comply with SEQR, the Agency will undertake to review such information. If a “Lead Agency” other than the Agency is declared under SEQR, the Agency shall send written notification to such Lead Agency that the Agency is an “involved agency” with respect to the Lead Agency’s SEQR review. Notice of this determination shall be filed to the extent required by the applicable regulations under that Act or as may be deemed advisable by the Chairman or Executive Director of the Agency or counsel to the Agency.

Section 2. Nothing herein shall be construed as committing the Agency to approve the acquisition, construction, equipping and financing of the Facility until such time as all of the requirements of SEQR have been satisfied and subject further to the Company obtaining all necessary site plan and zoning approvals required in connection with the acquisition, construction and equipping of the Facility. The actions undertaken pursuant to this preliminary resolution shall be limited to contemporaneous environmental, engineering, economic, feasibility and other studies and preliminary planning necessary to formalize the Action as that term is defined under SEQR. No final action may be taken before the Agency has complied with the requirements of SEQR.

Section 3. The Chairman, Executive Director, counsel to the Agency and Transaction Counsel (Nixon Peabody LLP), and all members of the Agency, are hereby authorized and directed (i) to distribute copies of this preliminary resolution to the Company and (ii) to do such further things or perform such acts as may be necessary or convenient to implement the provisions in the foregoing preliminary resolution.

Section 4. This preliminary resolution shall take effect immediately.
STATE OF NEW YORK

COUNTY OF SUFFOLK)

) ss:

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

I have compared the foregoing copy of the preliminary 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 December 16, 2014, at Islip Town Hall, 655 Main Street, Islip, New York, at which meeting the following members were:

Present:

Absent:

Also Present:

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

<table>
<thead>
<tr>
<th>Voting Aye</th>
<th>Voting Nay</th>
</tr>
</thead>
</table>

and, therefore, the resolution was declared duly adopted.

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

IN WITNESS WHEREOF, I have hereunto set my hand as of December 16, 2014.

_________________________
Assistant Secretary
PRELIMINARY RESOLUTION OF THE TOWN OF ISLIP
INDUSTRIAL DEVELOPMENT AGENCY TAKING OFFICIAL
ACTION IN CONNECTION WITH CHAIKA HOLDING CORP.,
A BUSINESS CORPORATION ON BEHALF OF ITSELF
AND/OR THE PRINCIPALS OF CHAIKA HOLDING CORP.
AND/OR AN ENTITY FORMED OR TO BE FORMED ON
BEHALF OF ANY OF THE FOREGOING AND CENTURY
DIRECT, LLC, A NEW YORK LIMITED LIABILITY
COMPANY, ON BEHALF OF ITSELF AND/OR THE
PRINCIPALS OF CENTURY DIRECT, LLC AND/OR AN
ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY
OF THE FOREGOING.

WHEREAS, Century Direct, 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 Century
Direct, LLC and/or an entity formed or to be formed on behalf of any of the foregoing
(collectively, the “Applicant” and the “Sublessee”), has applied to the Town of Islip Industrial
Development Agency (the “Agency”) to enter into a transaction in which the Agency will assist
in (a) the acquisition of an approximately 2.64 acre parcel of land located at 130 Hoffman Lane,
Islandia, New York (the “Land”) and the renovation and equipping thereon of an approximately
85,000 square foot building, together with the acquisition, installation and equipping of
improvements, structures and other related facilities attached to the Land (the “Improvements”)
and the acquisition and installation therein of certain equipment not part of the Equipment (as
such term is defined herein) (the “Facility Equipment”; and, together with the Land and the
Improvements, the “Company Facility”), which Company Facility will be leased by the Agency
to Chaika Holding Corp, a business corporation organized and existing under the laws of the
State of New York (the “Company”), and (b) the Agency’s assistance with the renovation of the
Company Facility and the acquisition and installation of certain equipment and personal property
including, but not limited to, computers, printing presses, warehouse racking, hi-lo and fork lifts
(the “Equipment”), which Equipment is to be leased by the Agency to the Sublessee (the
Company Facility and the Equipment are collectively referred to herein as the “Facility”), and
which Facility is to be used by the Sublessee in its business in the provision of commercial
printing, mailing services, data management and computer services; and

WHEREAS, subject to the Company’s providing the Agency with all necessary
information for the Agency to comply with SEQR (defined below) and evidence that the
Company has received all necessary site plan approvals, architectural review, zoning approvals,
permits, with respect to the Facility, the Agency will consider the inducement of the project; and

WHEREAS, the Agency, subject to the provisions of this preliminary resolution, will
consider the acquisition of a leasehold interest in the Facility and will lease or sublease the
Facility to the Company for further sublease buy 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”);
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;

WHEREAS, pursuant to the State Environmental Quality Review Act (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, as of the date of this preliminary resolution, no determination for the Facility been made under SEQR;

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

Section 1. At such time as the Company submits to the Agency all necessary information for the Agency to comply with SEQR, the Agency will undertake to review such information. If a “Lead Agency” other than the Agency is declared under SEQR, the Agency shall send written notification to such Lead Agency that the Agency is an “involved agency” with respect to the Lead Agency’s SEQR review. Notice of this determination shall be filed to the extent required by the applicable regulations under that Act or as may be deemed advisable by the Chairman or Executive Director of the Agency or counsel to the Agency.

Section 2. Nothing herein shall be construed as committing the Agency to approve the acquisition, construction, equipping and financing of the Facility until such time as all of the requirements of SEQR have been satisfied and subject further to the Company obtaining all necessary site plan and zoning approvals required in connection with the acquisition, construction and equipping of the Facility. The actions undertaken pursuant to this preliminary resolution shall be limited to contemporaneous environmental, engineering, economic, feasibility and other studies and preliminary planning necessary to formalize the Action as that term is defined under SEQR. No final action may be taken before the Agency has complied with the requirements of SEQR.

Section 3. The Chairman, Executive Director, counsel to the Agency and Transaction Counsel (Nixon Peabody LLP), and all members of the Agency, are hereby authorized and directed (i) to distribute copies of this preliminary resolution to the Company and (ii) to do such further things or perform such acts as may be necessary or convenient to implement the provisions in the foregoing preliminary resolution.

Section 4. This preliminary resolution shall take effect immediately.
STATE OF NEW YORK) ss: 
COUNTY OF SUFFOLK) ss:

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

I have compared the foregoing copy of the preliminary 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 December 16, 2014, at Islip Town Hall, 655 Main Street, Islip, New York, at which meeting the following members were:

Present:

Absent:

Also Present:

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

Voting Aye  Voting Nay

and, therefore, the resolution was declared duly adopted.

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

IN WITNESS WHEREOF, I have hereunto set my hand as of December 16, 2014.

______________________________
Assistant Secretary