

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 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**”), 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 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 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)
 : SS.:
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, New York, at which meeting the following members were, at which meeting the following members were:

Present: Chairman Eric Hofmeister
 Councilman Steve Flotteron
 Councilwoman Trish Bergin Weichbrodt
 Councilman Anthony Senft
 Councilman John Cochrane

Absent: Chairman Tom Croci, due to military leave.

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

Councilman Steve Flotteron
Councilwoman Trish Bergin Weichbrodt
Councilman Anthony Senft
Councilman John Cochrane

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