

Date: March 21, 2017

At a meeting of the Town of Islip Industrial Development Agency (the “Agency”), held at Islip Town Hall, 655 Main Street, Islip, New York on the 21st day of March, 2017 the following members of the Agency were:

Present: Chairwoman Carpenter
 Councilwoman Bergin Weichbrodt
 Councilwoman Mullen
 Councilman Flotteron
 Councilman Cochrane

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 (75 Sunrise Highway, LLC/Veterinary Medical Center of Long Island, PLLC 2017 Facility) and the leasing of the facility to 75 Sunrise Highway, LLC for further subleasing to Veterinary Medical Center of Long Island, PLLC.

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

Voting Aye

Voting Nay

Chairwoman Carpenter
Councilwoman Bergin Weichbrodt
Councilwoman Mullen
Councilman Flotteron
Councilman Cochrane

RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, RENOVATION, CONSTRUCTION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE APPOINTMENT OF 75 SUNRISE HIGHWAY, LLC, A NEW YORK LIMITED LIABILITY COMPANY ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF 75 SUNRISE HIGHWAY, LLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF THE FOREGOING AND VETERINARY MEDICAL CENTER OF LONG ISLAND, PLLC (F/K/A ATLANTIC VETERINARY EMERGENCY CENTER P.C.), A NEW YORK PROFESSIONAL LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF VETERINARY MEDICAL CENTER OF LONG ISLAND, PLLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF THE FOREGOING AS AGENT(S) OF THE AGENCY FOR THE PURPOSE OF ACQUIRING, RENOVATING, CONSTRUCTING AND EQUIPPING CERTAIN INDUSTRIAL DEVELOPMENT FACILITIES AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS.

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

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

WHEREAS, 75 Sunrise Highway, LLC, a limited liability company organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of 75 Sunrise Highway, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”) and Veterinary Medical Center of Long Island, PLLC (f/k/a Atlantic Veterinary Emergency Center P.C.), a New York professional limited liability company on behalf of itself and/or the principals of Veterinary Medical Center of Long Island, PLLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Sublessee**”), have applied to the Agency to enter into a transaction in which the Agency will assist in (a) the acquisition of an approximately 2.2 acre parcel of land located at 75 Sunrise Highway, West Islip, New York (the “**Land**”), the renovation of an approximately 7,500 square foot building located thereon (the “**Existing Building**”) and the construction and equipping of an approximately 6,156 square foot addition to the existing building totaling in all approximately 18,823 square feet (collectively with the Existing

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

WHEREAS, the Agency, by resolution duly adopted on February 28, 2017 (the “**Inducement Resolution**”), decided to proceed under the provisions of the Act; and

WHEREAS, although the Facility is used in making retail sales or providing services to customers who personally 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 will provide services not reasonably accessible to the residents of the Town of Islip and surrounding areas as described in Section 862(2)(b) of the Act; and

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 Agency will acquire a leasehold interest in the Land and the Improvements and title to the Facility Equipment and Equipment, will sublease and lease the Company Facility to the Company for further sublease to the Sublessee and will lease the Equipment to the Sublessee, all pursuant to the Act; and

WHEREAS, the Agency will acquire a leasehold interest in the Land and Improvements pursuant to a certain Company Lease Agreement, dated as of April 1, 2017 or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency shall agree (the “**Company Lease**”), by and between the Company and the Agency; and

WHEREAS, the Agency will acquire title to the Facility Equipment pursuant to a certain Bill of Sale, dated the Closing Date (as defined in the hereinafter defined Lease Agreement) (the “**Bill of Sale**”), from the Company to the Agency; and

WHEREAS, the Agency will sublease and lease the Company Facility to the Company pursuant to a certain Lease and Project Agreement, dated as of April 1, 2017 or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency shall agree (the “**Lease Agreement**”), by and between the Agency and the Company; and

WHEREAS, the Agency will acquire title to the Equipment pursuant to a certain Equipment Bill of Sale, dated the Closing Date (the “**Equipment Bill of Sale**”), from the Sublessee to the Agency; and

WHEREAS, the Agency will lease the Equipment to the Sublessee pursuant to a certain Equipment Lease Agreement, dated as of April 1, 2017 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 and the Sublessee consistent with the policies of the Agency, in the form of (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be \$3,385,000 but not to exceed \$4,000,000 in connection with the financing of the acquisition, renovation, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating, constructing and equipping the Facility, (ii) exemptions from sales and use taxes in an approximate amount not to exceed \$176,000, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit A hereof); and

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

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

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

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

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) While the Facility will be used in making retail sales or providing services to customers who personally visit the Facility and would be considered a “retail facility” based upon the representations and warranties of the Company and the Sublessee in the request for financial assistance, the Facility will provide services not reasonably accessible to the residents of the Town of Islip and surrounding areas, as described 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

(c) The Facility preserves the public purposes of the Act by preserving or increasing the number of permanent private sector jobs in the Town of Islip. The Company and the Sublessee have represented to the Agency that they currently provide ninety-six (96) full-time employees and expect the number of jobs to increase upon project completion.

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

(e) The acquisition, renovation, construction and equipping of the Facility and the leasing and subleasing of the Facility to the Company and 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

(f) The acquisition, renovation, construction 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

(g) 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

(h) 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

(i) It is desirable and in the public interest for the Agency to sublease the Land and the Improvements and to lease the Facility Equipment to the Company; and

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

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

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

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

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

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

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

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

Section 6. In connection with the Facility 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, construction and equipping of the Facility in the form of the Agency (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be \$3,385,000 but not to exceed \$4,000,000 in connection with the financing of the acquisition, renovation, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$176,000, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit A hereof), consistent with the policies of the Agency.

Section 7. 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, construct and equip the Facility. The Company and the Sublessee are hereby empowered to delegate their respective status as agent of the Agency to their respective agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company and the Sublessee may choose in order to acquire, renovate, construct and equip the Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of the Company 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, construct and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, (b) a date which the Agency designates, or (c) the date on which the Company and the Sublessee have received exemptions from sales and use taxes for the Facility in an amount not to exceed \$176,000, 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 execution of the documents contemplated by this resolution.

Section 8. 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.

Section 9. The form and substance of the Company Lease, the Lease Agreement, the Equipment Lease 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 10.

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

Section 12. This resolution shall take effect immediately.

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

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

That I have compared the annexed extract of the minutes of the meeting of the Town
of Islip Industrial Development Agency (the “**Agency**”), including the resolutions contained
therein, held on the 21st day of March, 2017, with the original thereof on file in my office,
and that the same is a true and correct copy of the proceedings of the Agency and of such
resolutions set forth therein and of the whole of said original insofar as the same related to
the subject matters therein referred to.

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

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

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

By: 
Assistant Secretary

EXHIBIT A

Proposed PILOT Benefits

75 Sunrise Highway, West Islip, NY

Definitions

X = \$327,700

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

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

Payment

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

Formula

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