

Date: July 16, 2013

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 16<sup>th</sup> day of July, 2013, the following members of the Agency were:

Present: Supervisor Tom Croci  
Councilman Steve Flotteron  
Councilwoman Trish Bergin Weichbrodt  
Councilman John Cochrane  
Councilman Anthony Senft

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 (878 Realty Co., LLC/Allstate Insurance Company 2013 Facility) and the leasing of the facility to 878 Realty Co., LLC for sublease to Allstate Insurance Company.

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

Voting Aye

Voting Nay

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

RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY FOR 878 REALTY CO., LLC AND ALLSTATE INSURANCE COMPANY 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 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, there was submitted to the Agency a proposal to undertake the providing and leasing of an industrial development facility to 878 Realty Co., LLC, a New York limited liability company, on behalf of itself and/or the principals of 878 Realty Co., LLC, and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”) and Allstate Insurance Company, an Illinois business company authorized to transact business in the State of New, on behalf of itself and/or the principals of Allstate Insurance Company 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 with (i) the acquisition of a leasehold interest in an approximately one-half acre parcel of land located at 878 Veterans Memorial Highway, Hauppauge, Town of Islip, Suffolk County, New York (the “**Land**”) and the construction and equipping of an approximately 87,945 square foot facility 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 Allstate Insurance Company, an Illinois business company (the “**Sublessee**”)) (the “**Facility Equipment**”; and, together with the Land and Improvements, the “**Company Facility**”) and (ii) the acquisition and installation of certain equipment and personal property (the “**Equipment**”), including, but not limited to, general office and computer equipment, which Equipment is to be leased by the Agency to the Sublessee for its primary use as a major insurance company (the Company Facility and the Equipment collectively referred to herein as the “**Facility**”) including the following as they relate to the appointment of the Company and the Sublessee as agents of the Agency pursuant to Section 5 hereof with respect to the acquisition, construction 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, construction 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 Land will be leased by Hauppauge Office Park Associates, LLC, a New York limited liability company (the “**Ground Lessor**”) to the Company pursuant to a certain Ground Lease Agreement, dated a dated to be determined (the “**Ground Lease**”) for further sublease by the Company to the Agency pursuant to the terms of the Company Lease Agreement, dated as of July 1, 2013 or such other date as the Chairman or the Executive Director shall approve (the “**Company Lease Agreement**”); and

WHEREAS, the Equipment will be leased to the Sublessee pursuant to the Equipment Lease Agreement; and

WHEREAS, the Agency by resolution duly adopted on March 5, 2013 (the “**Inducement Resolution**”), decided to proceed under the provisions of the Act to acquire and lease the Facility and enter into the Lease Agreement and the Equipment Lease Agreement; 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 exemptions from mortgage recording taxes, if a mortgage is required, in connection with the financing or any subsequent refinancing or permanent financing of the Facility, exemptions from sales and use taxes and abatement of real property taxes; and

WHEREAS, the requested financial assistance with respect to the abatement of real property taxes deviates from the Agency’s Uniform Tax Exemption Policy (the “**Policy**”) adopted in or around May 11, 2011, as amended to date, because the contemplated Payment-in-Lieu-of-Tax Agreement, dated as of July 1, 2013, or such other date as the Chairman or Executive Director and counsel to the Agency shall agree (the “**PILOT Agreement**”) between the Agency and the Company will set the payment-in-lieu-of-tax payments with respect to the Facility as follows: The PILOT Agreement will have fixed PILOT payments for a fifteen (15) year period. The Agency proposes to deviate from the Policy because the Facility will provide jobs for the residents of Suffolk County and the project would not be economically viable without deviating from the Policy; and

WHEREAS, subject to the provisions of this resolution and upon a request of the Company and Sublessee to the Agency, the Agency may provide financial assistance to the Company consistent with the policies of the Agency, in the form of (i) and exemptions from the mortgage recording tax if a mortgage is required now or in the future in connection with the financing or refinancing of the Facility in an aggregate amount presently estimated to be \$178,500 but not to exceed \$200,000, in connection with the financing of the acquisition, construction, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, constructing, renovating and equipping of the Facility, (ii) exemptions from sales and use taxes on the acquisition from the Company and Sublessee of a leasehold interest in certain fixtures, furniture and equipment located in the Facility and any new fixtures, furniture and equipment to be installed in the Facility or renovating to the Facility in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed \$1,500,000, and (iii) continued abatement of real property taxes in the form of continued abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereof), all consistent with the policies of the Agency; 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 (the “**Lender**”), a mortgage or mortgages, as 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 transfer of a leasehold interest in the Land and the Facility to the Agency, the lease of the Company Facility by the Agency to the Company and the lease of the Equipment by the Agency to the Sublessee; and

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, construction and equipping of the Facility, the sub-subleasing of the Land and the leasing of the Improvements to the Company, the sub-sub-subleasing of the Land and the subleasing of the Improvements to the Sublessee and the leasing of the Equipment to the Sublessee and the provision of financial assistance to the Company and the Sublessee, consistent with the policies of the Agency, pursuant to the Act, will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the Town of Islip and the State of New York and improve their standard of living and thereby serve the public purposes of the Act; and

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

(e) Based upon representations of the Company and Company’s Counsel, 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; and

(f) The Facility and the operations conducted therein do not have a significant effect on the environment, as determined in the 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 and the Equipment; and



(h) The Lease Agreement is an effective instrument whereby the Agency leases the Company Facility to the Company; and

(i) The Equipment Lease Agreement is an effective instrument whereby the Agency leases the Equipment to the Sublessee; and

(j) The PILOT Agreement, by and among the Company, the Sublessee and the Agency, in form satisfactory to the Executive Director and counsel to the Agency, 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

(k) The Recapture Agreement, to be dated as of July 1, 2013, or such other date as the Chairman, Executive Director and counsel to the Agency shall agree (the "**Recapture Agreement**"), by and among the Company, the Sublessee and the Agency, 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

(l) The Environmental Compliance and Indemnification Agreement, to be dated as of July 1, 2013 or such other date as the Chairman or the Executive Director shall approve (the "**Environmental Compliance and Indemnification Agreement**"), by and among the Agency, the Company and the Sublessee, in form satisfactory to the Executive Director and counsel to the Agency, 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

(m) The Agency Compliance Agreement, to be dated as of July 1, 2013 or such other date as the Chairman or the Executive Director shall approve (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 Company Facility; and

(n) 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 to the Company by the Lender and assign to the Lender their respective rights under the Lease Agreement (except for the Agency's Unassigned Rights as defined in such Lease Agreement).

Section 2. In consequence of the foregoing, the Agency hereby determines to: (i) sublease the Land from the Company pursuant to the Company Lease Agreement; (ii) sub-lease the Land and lease the Improvements to the Company pursuant to the Lease Agreement; (iii) lease the Equipment to the Sublessee pursuant to the Equipment Lease Agreement; (iv) execute, deliver and perform the Lease Agreement; (v) execute, deliver and perform the Equipment Lease Agreement; (vi) execute, deliver and perform the PILOT Agreement; (vii) execute and deliver the Recapture Agreement (viii) execute and deliver the Environmental Compliance and Indemnification Agreement; (ix) execute and deliver the Agency Compliance

Agreement; (x) grant the mortgage on and security interest and assignment of leases and rents, in and to the Facility pursuant to the Loan Documents; (xi) execute, deliver and perform the Loan Documents to which the Agency is a party; and (xii) execute, deliver and perform any future loan documents, to which the Agency is a party, in connection with any future refinancing or permanent financing of the costs of acquiring, constructing and equipping of the Facility without the need for any further or future approvals of the Agency.

Section 3. The Agency is hereby authorized to acquire a subleasehold interest in the real property and to acquire the personal property described in Exhibit A and Exhibit B, respectively, to the Lease Agreement and 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, constructing and equipping the Facility and any future Loan Documents in connection with any future refinancing or permanent financing of such costs of acquiring, constructing and equipping of the Facility without the need for any further or future approvals of the Agency

Section 5. Subject to the provisions of this resolution, the Agency may provide financial assistance to the Company and Sublessee consistent with the policies of the Agency including the following economic benefits to be granted to the Company and Sublessee in connection with the acquisition, construction, renovation and equipping of the Facility in the form of (i) exemptions from mortgage recording taxes in an amount presently estimated to be \$178,500 but not to exceed \$200,000, in connection with the financing of the acquisition, construction, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, constructing, renovating 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 \$1,500,000(as set forth in the Form of Sales Tax Letters attached as Exhibit A and Exhibit B hereof), and (iii) continued abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereof), all consistent with the policies of the Agency.

Section 6. The Company and the Sublessee hereby agrees 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 the Inducement Resolution, dated March 5, 2013, is subject to termination and recapture of benefits pursuant to Section 875 of the Act and the Recapture Agreement.

Section 7. The form and substance of the Company Lease Agreement, 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 (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redated) are hereby approved.

Section 8.

(a) The Chairman and the Executive Director are hereby authorized, on behalf of the Agency, to execute and deliver the Company Lease Agreement, 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, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman or the Executive Director shall approve, and such other related documents as may be, in the judgment of the Chairman, Executive Director 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 or the Executive Director shall constitute conclusive evidence of such approval.

(b) The Chairman or the Executive Director 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 9. 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 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 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 16<sup>th</sup> day of July, 2013, 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 16<sup>th</sup> day of July, 2013.

By:   
Secretary