

Date: November 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 November, 2017 the following members of the Agency were:

Present:        Chairwoman Angie Carpenter  
                    Councilwoman Trish Bergin Weichbrodt  
                    Councilwoman Mary Kate Mullen  
                    Councilman Steve Flotteron  
                    Councilman John 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 a certain industrial development facility more particularly described below (Castella Imports, Inc. 2017 Facility) and the leasing of the facility to Castella Imports, Inc.

The following resolution was duly moved, seconded, discussed and adopted with the following members voting: 5-0.

Voting Aye

Voting Nay

Chairwoman Angie Carpenter  
Councilwoman Trish Bergin Weichbrodt  
Councilwoman Mary Kate Mullen  
Councilman Steve Flotteron  
Councilman John Cochrane

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 CASTELLA IMPORTS, INC., A NEW YORK BUSINESS CORPORATION, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF CASTELLA IMPORTS, INC. AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AS AGENT 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.

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, Castella Imports, 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 Castella Imports, Inc. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”), has applied to the Town of Islip Industrial Development Agency (the “**Agency**”) to enter into a transaction in which the Agency will assist in the acquisition of a leasehold interest in an approximately 10.16 acre parcel of land located at 120 Wilshire Avenue, Edgewood, New York (the “**Land**”), the renovation of an approximately 150,000 square foot building located thereon (the “**Improvements**”), and the acquisition and installation therein of certain equipment and personal property (the “**Equipment**”; and together with the Land and the Improvements, the “**Facility**”), which Facility will be leased by the Agency to the Company, and used by the Company as a warehouse, importing, packaging and distribution center and related office space in its business as a manufacturer and importer of specialty products for the gourmet food industry (the “**Project**”); and

WHEREAS, the Agency, by resolution duly adopted on October 24, 2017 (the “**Inducement Resolution**”), decided to proceed under the provisions of the Act; and

WHEREAS, the Land and the Improvements will be ground-leased by Wilshire Rental Properties LLC, a New York limited liability company (the “**Owner**”), to the

Company pursuant to a lease agreement, dated a date to be determined (the “**Ground Lease**”), by and between the Owner and the Company; and

WHEREAS, the Agency will acquire a subleasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Executive Director or the Deputy 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 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 sub-lease and lease the Facility to the Company pursuant to a certain Lease and Project Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Executive Director or the Deputy 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 contemplates that it will provide financial assistance to the Company, in the form of (i) exemptions from sales and use taxes in an amount not to exceed \$289,800, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (ii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit A hereof), all consistent with the policies of the Agency; 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**”) originally adopted in or around December, 1993, as previously amended, because the abatement of real property taxes granted pursuant to the proposed Lease Agreement will be for a term of up to twelve (12) years; and

WHEREAS, the Agency proposes to deviate from the Policy because the Project is considered extremely significant and vital to the economic health and well-being of the Town of Islip (the “**Town**”) and will provide an incentive for the Company to remain in the Town; and

WHEREAS, the Company has represented to the Agency that the approval of the Facility will result in the closure of a plant located at 50 Commerce Drive, Hauppauge, New York, a plant at 100 Adams Avenue, Hauppauge, New York, a plant at 2711 Sound Avenue, Calverton, New York 11933 and a plant located at 91 N. Industry Court, Deer Park, New York and the Agency would otherwise be prohibited from granting benefits pursuant to the provisions of Section 862 of the Act; and

WHEREAS, based upon the representations of the Company in the Application for financial assistance filed by the Company with the Agency (the “**Application**”), the closure of the plants is reasonably necessary to discourage the Company from removing such other

plants to New Jersey, Illinois and/or Texas and therefore not subject to the prohibitions contained in Section 862 of the Act; and

WHEREAS, in accordance with Section 859-a(5)(d) of the Act, the Agency has notified the chief executive officers of (i) the Town of Islip and Suffolk County of the removal of the Company's facilities in Hauppauge, New York and their relocation within the Town of Islip; (ii) the Town of Riverhead and Suffolk County of the removal of the Company's facility in Calverton, New York and its relocation to the Town of Islip; and (iii) the Town of Deer Park and Orange County of the removal of the Company's facility in Deer Park, New York and its relocation to the Town of Islip; and

WHEREAS, the Agency has given due consideration to the application of the Company and to representations by the Company that the proposed financial assistance is either an inducement to the Company to maintain the Facility in the Town of Islip or is necessary to maintain the competitive position of the Company in its industry; 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 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 Facility, the leasing of the Facility to the Company 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.

(d) The acquisition, renovation and equipping of the Facility by the Agency is reasonably necessary to induce the Company to maintain and expand its business operations in the Town of Islip.

(e) On November 14, 2017, the Agency provided notice to the affected taxing jurisdictions that the proposed Project would constitute a deviation from the Policy (the "**Deviation Letter**").

(f) Based upon representations of the Company and counsel to the Company, 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 sublease and lease the Facility to the Company; and

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

(i) The Lease Agreement will be an effective instrument whereby the Agency leases and sub-leases the 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 Agency may recapture some or all of the benefits granted to the Company.

Section 2. The Agency has assessed all material information included in connection with the Company'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.

Section 3. In consequence of the foregoing, the Agency hereby determines to: (i) sublease the Land and the Improvements from the Company pursuant to the Company Lease, (ii) execute, deliver and perform the Company Lease, (iii) sub-lease and lease the Facility to the Company pursuant to the Lease Agreement, and (iv) execute, deliver and perform the Lease 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, 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 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 \$289,800, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (ii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit A hereof), all consistent with the policies of the Agency.

Section 6. Subject to the provisions of this resolution, the Company is herewith and hereby appointed the agent of the Agency to acquire, renovate and equip the Facility. The Company is hereby empowered to delegate its status as agent of the Agency to its agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company 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 as agent 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, as agent 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 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 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, as agent of the Agency. The aforesaid appointment of the Company as agent 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 \$289,800 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 if such activities and improvements are not completed by such time. The aforesaid appointment of the Company is subject to the completion of the transaction and the execution of the documents contemplated by this resolution.

Section 7. The Company hereby agrees to comply with Section 875 of the Act. The Company further agrees that the tax exemptions and abatements provided pursuant to the Act and the appointment of the Company as agent of the Agency pursuant to this Authorizing Resolution are subject to termination and recapture of benefits pursuant to Sections 859-a and 875 of the Act and the recapture provisions of the Lease Agreement.

Section 8. The form and substance of the Company Lease and the Lease Agreement (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, Deputy Executive Director or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Company Lease and the Lease Agreement, each in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, Vice Chairman, Executive Director, Deputy 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, Deputy Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

Section 10. The Chairman, Vice Chairman, Executive Director, Deputy 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 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 the 21st day of November, 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 November, 2017.

By:   
Assistant Secretary



EXHIBIT A

Proposed PILOT Benefits

Address: 120 Wilshire Boulevard, Edgewood, New York 11717

Tax Map No.: 0500-112.00-03.00-001.002

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

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.

<u>Tax Year</u>	<u>Formula</u>
1	100% Normal Tax Due on the taxable assessed value of \$448,000
2	100% Normal Tax Due on the taxable assessed value of \$504,000
3	100% Normal Tax Due on the taxable assessed value of \$560,000
4	100% Normal Tax Due on the taxable assessed value of \$616,000
5	100% Normal Tax Due on the taxable assessed value of \$672,000
6	100% Normal Tax Due on the taxable assessed value of \$728,000
7	100% Normal Tax Due on the taxable assessed value of \$784,000
8	100% Normal Tax Due on the taxable assessed value of \$840,000
9	100% Normal Tax Due on the taxable assessed value of \$896,000
10	100% Normal Tax Due on the taxable assessed value of \$952,000
11	100% Normal Tax Due on the taxable assessed value of \$1,008,000
12	100% Normal Tax Due on the taxable assessed value of \$1,064,000
13 & thereafter	100% Normal Tax Due on the full assessed value