

Date: October 28, 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 28th day of October, 2013, the following members of the Agency were:

Present:

Councilwoman Trish Bergin Weichbrodt
Councilman John Cochrane
Councilman Anthony Senft
Chairman Eric Hofmeister

Absent: Chairman Tom Croci absent due to military leave
Councilman Steve Flotteron

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 (Green-Flagg, LLC 2013 Facility) and the leasing of the facility to Green-Flagg LLC.

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

Voting Aye

Voting Nay

Councilwoman Trish Bergin Weichbrodt
Councilman John Cochrane
Councilman Anthony Senft

14552596.1

14552596.2

RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE APPOINTMENT OF GREEN-FLAGG LLC, A LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF GREEN-FLAGG LLC 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, CONSTRUCTING AND EQUIPPING AN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY FOR GREEN-FLAGG LLC 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, Green-Flagg LLC, a New York limited liability company, on behalf of itself and/or the principals of Green-Flagg LLC 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 approximately 0.27 acre parcel of land located at 61 W. Main and 14 Park Avenue, Bay Shore, New York (the “**Land**”) and the construction, renovation and equipping thereon of two buildings totaling approximately 30,000 square feet, containing thirty-two (32) residential units and approximately 5,865 square feet of commercial space (collectively, the “**Improvements**”; and, together with the Land, the “**Facility**”), to be leased by the Agency to the Company for further sublease by the Company to future tenants not yet determined (collectively, the “**Sublessees**”), for use as office space and light manufacturing, including the following as they relate to the appointment of the Company as agent of the Agency pursuant to Section 4 hereof with respect to the acquisition, construction, installation 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, installation 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, construction, installation 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, all to be leased to the Company pursuant to a certain Lease Agreement, dated as of October 1, 2013, or such other date as the Chairman, the Executive Director and counsel to the Agency shall agree (the “**Lease Agreement**”); and

WHEREAS, the Agency will lease the Facility to the pursuant to a certain Lease Agreement, dated as of October 1, 2013 or such other date as the Chairman, the Executive Director and counsel to the Agency shall agree (the "**Lease Agreement**"); 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 the mortgage recording tax, if a mortgage is required now or in the future in connection with the financing or refinancing of the Facility, on a mortgage or mortgages in an aggregate amount presently estimated to be \$5,000,000 but not to exceed \$5,800,000, 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 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 \$135,000, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit B hereof), all 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 (the "**State**"); and

WHEREAS, the Agency by Inducement Resolution, dated July 16, 2013, decided to proceed under the provisions of the Act to acquire, construct and equip the Facility and enter into the Lease Agreement; and

WHEREAS, in order to define the Company's obligations regarding payments-in-lieu-of taxes with respect to the Facility, the Agency and the Company will enter into a certain Payment-in-Lieu-of-Tax Agreement, dated as of October 1, 2013 or such date as may be determined by the Agency and counsel to the Agency (the "**PILOT Agreement**"), pursuant to which the Company 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 and the Company will enter into a certain Recapture Agreement, dated as of October 1, 2013 or such date as may be determined by the Agency and counsel to the Agency (the "**Recapture Agreement**"), between the Agency and the Company; 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 Bridgehampton National Bank, or a lender or lenders not yet determined (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 Agency has given due consideration to the application of the Company and to representations by the Company that the Agency's involvement with the Facility is either an inducement to the Company to remain in the State and reasonably necessary to discourage the Company from removing such other plant or Facility to a location outside of the State, and/or is reasonably 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 transfer of fee title or leasehold interest to the Land (as such term is defined in the Lease Agreement) and the Facility to the Agency and the lease of the Facility by the Agency to the Company and the further subleasing of the Facility by the Company to the Sublessees; 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 and the leasing of the Facility by the Agency to the Company and the provision of financial assistance to the Company, 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 by the Agency is reasonably necessary to induce the Company to maintain and expand their respective business operations in the State of New York; and

(e) 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; and

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

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

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

(i) The Recapture Agreement will be an effective instrument whereby the Agency and the Company agree to provide for the obligations of the Company 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

(j) The Environmental Compliance and Indemnification Agreement, dated as of October 1, 2013, or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency (the "**Environmental Compliance and Indemnification Agreement**"), by and between the Agency and the Company, will be an effective instrument whereby the Company covenants that the acquisition, construction, equipping and operation of the Facility will be in compliance with all laws and regulations, and the Company will indemnify and hold the Agency harmless from any violation of the environmental laws and regulations with respect to the Facility; and

(k) 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 and assign to the Lender their respective rights under the Lease Agreement (except for Unassigned Rights as defined in such Lease Agreement).

Section 2. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company in connection with the acquisition, construction and equipping of the Facility in the form of (i) 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, on a mortgage or mortgages in an aggregate amount presently estimated to be \$5,000,000 but not to exceed \$5,800,000, 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 on the acquisition from the Company 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 \$135,000 (as set forth in the Form of Sales Tax Letter set forth as Exhibit A hereof) and, (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit B hereof), all consistent with the policies of the Agency.

Section 3. The Company hereby agrees to comply with Section 875 of the Act. The Company further agrees that the exemption of sales and use tax provided pursuant to the Act and the appointment of the Company as agent of the Agency pursuant to this resolution is subject to termination and recapture of benefits pursuant to Section 875 of the Act and the Recapture Agreement.

Section 4. The Company is hereby appointed the true and lawful agent of the Agency to acquire, construct, and equip the Facility on behalf of the Agency, with the

authority to delegate its status as agent of the Agency to its agents, subagents, contractors, subcontractors, suppliers, vendors and other such parties as the Company may choose. The terms and conditions for the appointment of the Company as agent of the Agency for the purposes described in this Section 4 are set forth in the form of the attached letter addressed to the Company, marked as Exhibit A to this resolution, which is incorporated herein by reference. The appointment described above includes the following activities as they relate to the acquisition, construction 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 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 in connection with the acquisition, construction 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 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 from purchasing 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 as agent of the Agency to acquire, construct and equip the Facility shall expire at the earlier (A) the completion of such acquisition, constructing and equipping of the Facility, (B) such date as the Agency designates, or (C) the date on which the Company has received exemptions from New York State sales and use tax totaling \$135,000 in connection with the purchase or lease of equipment, building materials, services or other personal property for the Facility; provided however, such appointment may be extended at the discretion of the Executive Director or the Chairman of the Agency for up to six (6) additional months, in each case or by the Agency Board for any period beyond such six (6) months, upon the written request of the Company if such activities and improvements are not completed by such time.

Section 5. In consequence of the foregoing, the Agency hereby determines to: (i) acquire, construct and equip the Facility and lease the Facility to the Company pursuant to the Lease Agreement; (ii) execute, deliver and perform the Lease Agreement; (iii) execute, deliver and perform the PILOT Agreement; (iv) execute, deliver and perform the Recapture Agreement; (v) execute and deliver the Environmental Compliance and Indemnification Agreement; (vi) grant a mortgage on and security interest in and to the Facility pursuant to the Loan Documents; and (vii) execute, deliver and perform any Loan Documents to which the Agency is a party, 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 the Facility, without the need for any further or future approvals of the Agency.

Section 6. 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 7. The form and substance of the Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification 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 and renamed) are hereby approved.

Section 8.

(a) The Chairman, Executive Director or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification 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, Executive Director, or any member of the Agency 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, Executive Director, or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The 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 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 28th day of October, 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 in all
respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 28th day of
October, 2013.

By: 
Secretary