

Date: May 14, 2019

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 14th day of May, 2019 the following members of the Agency were:

Present:

Chairwoman Angie M. Carpenter
Councilwoman Trish Bergin Weichbrodt
Councilman John C. Cochrane Jr.
Councilwoman Mary Kate Mullen
Councilman James P. O’Connor

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 leasehold interest to a certain industrial development facility more particularly described below (Netherbay, LLC/Bay Shore Senior Management LLC 2019 Facility) and the subleasing of the facility to Netherbay, LLC for further subleasing to Bay Shore Senior Management LLC.

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

Voting Aye

Voting Nay

Chairwoman Angie M. Carpenter
Councilwoman Trish Bergin Weichbrodt
Councilman John C. Cochrane Jr.
Councilwoman Mary Kate Mullen
Councilman James P. O’Connor

RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, DEMOLITION, RENOVATION, CONSTRUCTION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE APPOINTMENT OF NETHERBAY, LLC, A NEW YORK LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF NETHERBAY, LLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AND BAY SHORE SENIOR MANAGEMENT LLC, A NEW YORK LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF BAY SHORE SENIOR MANAGEMENT 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, DEMOLISHING, RENOVATING, CONSTRUCTING 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, Netherbay, 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 Netherbay, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”), and Bay Shore Senior Management 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 Bay Shore Senior Management LLC 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 in the acquisition of an approximately 2.2 acre parcel of land located at 26 and 36 South Clinton Avenue, Bay Shore, New York 11706 (the “**Land**”), the demolition of approximately 7,458 square foot building located thereon, the renovation of an approximately 11,744 square foot building located thereon and the construction of an approximately 30,828 addition thereto (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 is to be leased by the Agency to the Company and further subleased by the Company to the Sublessee to be used by the Sublessee as an

assisted living facility with approximately seventy-two (72) beds and an adult daycare facility (the “**Project**”); and

WHEREAS, the Agency, by resolution duly adopted on April 16, 2019 (the “**Inducement Resolution**”), decided to proceed under the provisions of the Act; and

WHEREAS, the Agency will acquire a leasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of May 1, 2019 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 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 May 1, 2019 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 will acquire title to the Equipment pursuant to a certain Equipment Bill of Sale (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 May 1, 2019 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 “**Equipment Lease Agreement**”), by and between the Agency and the Sublessee; and

WHEREAS, in connection with the subleasing of the Company Facility to the Sublessee, the Sublessee and the Agency will enter into a certain Agency Compliance Agreement, dated as of May 1, 2019 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 “**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, and equipping of the Facility (collectively, the “**Loan Documents**”); and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company and the Sublessee, in the form of (i) exemptions from mortgage recording taxes for

one or more mortgages securing an amount presently estimated to be \$11,250,000 but not to exceed \$13,000,000 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, renovating and equipping the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$577,013.00, 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 Agency has required the Company and the Sublessee to provide to the Agency a feasibility report (the “**Feasibility Study**”), together with such letters or reports from interested parties and governmental agencies or officials (the “**Letters of Support**”; and together with the Feasibility Study, the “**Requisite Materials**”) to enable the Agency to make findings and determinations that the Facility qualifies as a “project” under the Act and that the Facility satisfies all other requirements of the Act, and such Requisite Materials are listed below and attached as Exhibit C to the Inducement Resolution:

1. Level 1 Market Report – Development of a Senior Living Community Bay Shore, NY, dated February 5, 2019 by Senior Housing Analytics;
2. New York Law Journal Article, dated March 22, 2017 on Eligibility of Residential Developments for IDA Benefits by Anthony Guardino, Esq.; and
3. Ryan et al. v. Town of Hempstead Industrial Development Agency et al.; and

WHEREAS, the Agency’s Uniform Tax Exemption Policy (“**UTEP**”), which such UTEP is annexed to the Inducement Resolution as Exhibit D, provides for the granting of financial assistance by the Agency for housing projects pursuant to Section I.A.4.; 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 Sublessee.

NOW, ~~THEREFORE~~, BE IT RESOLVED by the Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. In connection with the acquisition, demolition, renovation, construction and equipping of the Facility the Agency hereby makes the following determinations and findings based upon the Agency’s review of the information provided by the Company and the Sublessee with respect to the Facility, including, the Company’s and Sublessee’s Application, the Requisite Materials and other public information:

(a) There is a lack of affordable, safe, clean and modern senior housing in the Town of Islip;

(b) Such lack of senior housing has resulted in individuals leaving the Town of Islip and therefore adversely affecting employers, businesses, retailers, banks, financial institutions, insurance companies, health and legal services providers and other merchants in the Town of Islip and otherwise adversely impacting the economic health and well-being of the residents of the Town of Islip, employers, and the tax base of the Town of Islip;

(c) The Facility, by providing such senior housing will enable persons to remain in the Town of Islip and thereby to support the businesses, retailers, banks, and other financial institutions, insurance companies, health care and legal services providers and other merchants in the Town of Islip which will increase the economic health and well-being of the residents of the Town of Islip, help preserve and increase permanent private sector jobs in furtherance of the Agency's public purposes as set forth in the Act, and therefore the Agency finds and determines that the Facility is a commercial project within the meaning of Section 854(4) of the Act;

(d) The Facility will provide services, i.e., senior housing, which but for the Facility, would not otherwise be reasonably accessible to the residents of the Town of Islip.

Section 2. 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, demolition, renovation, construction and equipping of the Company Facility, the leasing of the Company Facility to the Company, the subleasing of the Company Facility by the Company to the Sublessee, the acquisition and installation of the Equipment, and the leasing of the Equipment to the 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.

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

(e) Based upon representations of the Company, 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 and all regional and local land use plans for the area in which the Facility is located.

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

(g) The Agency previously determined, pursuant to the Inducement Resolution, that 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 (“SEQR”), thus completing its review of the Facility under SEQR. No changes have been proposed to the Facility since the time the Agency adopted its Negative Declaration, and therefore, the Agency’s obligations under SEQR have been completed; and

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

(i) 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 Agency may recapture some or all of the benefits granted to the Company; and

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

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

(l) 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 3. 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 the Sublessee.

Section 4. 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 5. 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 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 6. The Agency is hereby authorized to execute and deliver the Loan Documents in connection with the financing of the costs of acquiring, renovating and equipping the Facility and any future Loan Documents in connection with any future refinancing or permanent financing of such costs of acquiring, renovating, constructing and equipping of the Facility without the need for any further or future approvals of the Agency.

Section 7. 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 (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be \$11,250,000 but not to exceed \$14,000,000 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, renovating and equipping the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$577,013.00, 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), all consistent with the policies of the Agency.

Section 8. Subject to the provisions of this resolution, the Company and the Sublessee are herewith and hereby appointed the agents of the Agency to acquire, demolish, 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, demolish, 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, demolish, 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/or the Sublessee have received exemptions from sales and use taxes in an amount not to exceed \$577,013.00 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 9. The Company and the Sublessee are hereby notified that they will be required to comply with Section 875 of the Act. The Company and the Sublessee shall be required to agree to the terms of Section 875 pursuant to the Lease Agreement. The Company and the Sublessee are further notified that the tax exemptions and abatements provided pursuant to the Act and the appointment of the Company and the Sublessee as agents 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 and the Agency Compliance Agreement.

Section 10. 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 11. 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, 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, 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 12. 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 13. 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 14. 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 14th day of May, 2019, 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 14th day of May, 2019.

By: 
Assistant Secretary

EXHIBIT A

Proposed PILOT Benefits

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), Bay Shore School District, Suffolk County and Appropriate Special Districts

Address – 36 South Clinton Avenue, Bay Shore, New York 11706

X = \$92,400

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, and other 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.

Formula

Year

1	100% Normal Tax Due on X and 0% Normal Tax Due on Y
2	100% Normal Tax Due on X and 10% Normal Tax Due on Y
3	100% Normal Tax Due on X and 20% Normal Tax Due on Y
4	100% Normal Tax Due on X and 30% Normal Tax Due on Y
5	100% Normal Tax Due on X and 40% Normal Tax Due on Y
6	100% Normal Tax Due on X and 50% Normal Tax Due on Y
7	100% Normal Tax Due on X and 60% Normal Tax Due on Y
8	100% Normal Tax Due on X and 70% Normal Tax Due on Y
9	100% Normal Tax Due on X and 80% Normal Tax Due on Y
10	100% Normal Tax Due on X and 90% Normal Tax Due on Y

And thereafter: 100% Normal Tax Due on X and 100% Normal Tax Due on Y