

Date: March 4, 2014

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 4th day of March, 2014 the following members of the Agency were:

Present: Chairman Eric Hofmeister
Councilman Steven J. Flotteron
Councilman John C. Cochrane
Councilman Anthony Senft

Absent: Tom Croci – absent due to military leave
Councilwoman Trish Bergin Weichbrodt

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 the modification and extension of payment-in-lieu-of-tax benefits with respect to a certain industrial development facility more particularly described below (Shri Parshwa Padmavati & Co. LLC/Perfume Center of America, Inc. 2008 Facility) and the continued leasing of the facility to Shri Parshwa Padmavati & Co. LLC for further sublease Perfume Center of America, Inc.

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

Voting Aye

Voting Nay

Councilman Steve Flotteron
Councilman John C. Cochrane
Councilman Anthony Senft

RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE MODIFICATION AND EXTENSION OF PAYMENT-IN-LIEU-OF-TAX BENEFITS AND THE FINANCING AND REFINANCING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY TO BE LEASED TO SHRI PARSHWA PADMAVATI & CO. LLC, A NEW YORK LIMITED LIABILITY COMPANY AND TO BE SUBLEASED TO PERFUME CENTER OF AMERICAN, INC. A NEW YORK BUSINESS CORPORATION 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 Agency previously provided its assistance to Shri Parshwa Padmavati & Co. LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, on behalf of itself and/or the principals of Shri Parshwa Padmavati & Co. LLC, having an office at 100 Commercial Street, Plainview, New York 11803 (the “**Company**”) and Perfume Center of America, Inc., a business corporation duly organized and validly existing under the laws of the State of New York, on behalf of itself and/or the principals of Perfume Center of America, Inc., having an office at 100 Commercial Street, Plainview, New York 11803 (the “**Sublessee**”), consisting of the acquisition of an approximately 11.0 acre parcel of land located at 2020 Ocean Avenue, Ronkonkoma, New York, the construction and equipping of an approximately 160,000 square foot brick and metal panel building to be located thereon, including the construction of up to 6 loading docks and the equipping thereof including, but not limited to, a racking system, all to be used as corporate offices and warehouse space to be leased by the Agency to the Company, for further sublease to, and use by, the Sublessee in the wholesale distribution of fragrances and related products (collectively, the “**Facility**”), including the following as they relate 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, 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 such Facility; and

WHEREAS, the Agency acquired title to the Facility pursuant to a certain Bargain and Sale Deed, dated November 24, 2008 (the “**Deed**”), from the Company to the Agency, which such Deed was to be recorded in the Suffolk County Clerk’s office; and

WHEREAS, the Agency leased the Facility to the Company pursuant to a certain Lease Agreement, dated as of November 1, 2008 (the “**Lease Agreement**”), between the Agency and the Company, and a Memorandum of Lease Agreement was to be recorded in the Suffolk County Clerk’s office; and

WHEREAS, the Company subleased the Facility to the Sublessee pursuant to a certain Sublease Agreement, dated as of November 24, 2008 (the “**Sublease Agreement**”), between the Company and the Sublessee, and a Memorandum of Sublease Agreement was to be recorded in the Suffolk County Clerk’s office; and

WHEREAS in connection with the leasing and subleasing of the Facility, the Agency, the Company and the Sublessee entered into a certain Environmental Compliance and Indemnification Agreement, dated as of November 1, 2008 (the “**Environmental Compliance and Indemnification Agreement**”), from the Company and the Sublessee to the Agency; and

WHEREAS, in order to define the Company and the Sublessee’s obligations regarding payments-in-lieu-of taxes with respect to the Facility, the Agency, the Company and the Sublessee entered into a certain Payment-in-Lieu-of-Tax Agreement, dated as of November 1, 2008 (the “**PILOT Agreement**”), pursuant to which the Company and the Sublessee agreed to make payments in lieu of taxes on the Facility; and

WHEREAS, the Agency and the Sublessee entered into a certain Agency Compliance Agreement, dated as of November 1, 2008 (the “**Agency Compliance Agreement**”), between the Agency and the Company; and

WHEREAS, due to unforeseen economic circumstances the Company and the Sublessee were unable to proceed with the construction and equipping of the Facility in 2008; and

WHEREAS, the Company has now submitted a revised application for financial assistance to the Agency reflecting a revision in the square footage of the Facility to 150,000 square feet and additional equipping of the Facility, including but not limited to the installation of a solar roof, and has submitted a request for the Agency’s consent to an extension of the payments-in-lieu-of-taxes benefits presently provided under the PILOT Agreement and in connection therewith, the amendment and extension of the Lease Agreement and the Environmental Compliance and Indemnification Agreement; and

WHEREAS, the Agency proposes to provide financial assistance to the Company in the form of the modification and extension of current abatements of real property taxes on the Facility, in accordance with an Amended and Restated Payment-in-Lieu-of-Tax Agreement (the “**Amended and Restated PILOT Agreement**”), to be entered into by and among the Company, the Sublessee and the Agency, which Amended and Restated PILOT

Agreement shall be for a total period of fifteen (15) years from the taxable status date following receipt of the Certificate of Occupancy and completion of the new Facility, consistent with the policies of the Agency; and

WHEREAS, in accordance with such extension of benefits, the parties intend to enter into (i) an Amendment Agreement (the “**Amendment Agreement**”), by and among the Company, the Sublessee and the Agency, whereby the term of the Lease Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreement shall be amended to coincide with the term of the Amended and Restated PILOT Agreement; and (ii) a Recapture Agreement (the “**Recapture Agreement**”), by and among the Company, the Sublessee and the Agency; and

WHEREAS, the requested financial assistance with respect to the extension of abatement of real property taxes deviates from the Agency’s Uniform Tax Exemption Policy (the “**Policy**”) adopted in or around December, 1993, as previously amended, because the Amended and Restated PILOT Agreement will be extended for a term of up to fifteen (15) years; 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 in an amount presently estimated to be \$194,250 but not to exceed \$250,000 in connection with the financing of the acquisition, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, construction 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 \$1,005,675.00 (as set forth in the Form of Sales Tax Letter set forth as Exhibit C hereof) and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit D hereof), 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 (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, construction and equipping of the Facility (collectively, the “**Loan Documents**”); 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, 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 proposed extension of abatement of real property taxes on the Facility by the Agency;

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 continued leasing of the Facility to the Company, the subleasing of the Facility by the Company to the Sublessee and the provision of financial assistance, consistent with the policies of the Agency, 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
- (d) The proposed financial assistance with respect to the extension of abatement of real property taxes on the Facility is reasonably necessary to induce the Company to maintain and expand its business operations in the State of New York; and
- (e) 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
- (f) It is desirable and in the public interest for the Agency to extend the abatement of real property taxes on the Facility to the Company and the Sublessee; and
- (g) The Amended and Restated PILOT Agreement 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
- (h) The Amendment Agreement will be an effective instrument whereby the term of the Lease Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreement shall be amended to coincide with the term of the Amended and Restated PILOT Agreement; and
- (i) The Recapture Agreement 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

(j) 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. In consequence of the foregoing, the Agency hereby determines to: (i) execute, deliver and perform the Amendment and Modification Agreement; (iii) execute, deliver and perform the Amended and Restated PILOT Agreement, (iv) execute and deliver the Recapture Agreement, (v) grant a mortgage on and security interests in and to the Facility pursuant to the Loan Documents, and (vi) execute and deliver the Loan Documents to which the Agency is a party.

Section 3. The Agency is hereby authorized to extend the abatement of real property taxes on 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 extension 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 4. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company and the Sublessee in connection with the acquisition, construction and equipping of the Facility in the form of (i) exemptions from mortgage recording taxes for one or more mortgages in an amount presently estimated to be \$194,250 but not to exceed \$250,000 in connection with the financing of the acquisition, construction and equipping of the Facility 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 in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed \$1,005,675.00 (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), consistent with the policies of the Agency.

Section 5. 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 and the Recapture Agreement.

Section 6. The form and substance of the Amendment and Modification Agreement, the Amended and Restated PILOT Agreement, the Recapture 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 7.

(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 Amendment and Modification Agreement, the Amended and Restated PILOT Agreement, the Recapture 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 8. 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 9. 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 4th day of March, 2014, 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 4th day of March, 2014.

By: 
Secretary