

Date: June 9, 2015

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 9th day of June, 2015 the following members of the Agency were:

Present: Chairwoman Angie M. Carpenter
 Councilman Steve Flotteron
 Councilwoman Trish Bergin Weichbrodt
 Councilman Anthony Senft
 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 title to, or an interest in, a certain industrial development facility more particularly described below (REP A-2027 LLC/Qosina Corp. 2015 Facility) and the leasing of the facility to REP A-2027 LLC for further sublease to Qosina Corp.

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

Voting Aye

Voting Nay

Chairwoman Angie M. Carpenter

Councilman Steve Flotteron

Councilwoman Trish Bergin Weichbrodt

Councilman Anthony Senft

Councilman John Cochrane

RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, RENOVATION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY TO BE LEASED TO REP A-2027 LLC, A DELAWARE LIMITED LIABILITY COMPANY AND TO BE SUBLEASED TO QOSINA CORP., 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, REP A-2027 LLC, a limited liability company organized and existing under the laws of the State of Delaware, on behalf of itself and/or the principals of REP A-2027 LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”) and Qosina Corp., a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Qosina Corp. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Sublessee**”), have applied to enter into a transaction in which the Agency will assist in (a) the acquisition of an approximately 15.84 acre parcel of land located at 2002 Orville Drive, Ronkonkoma, New York (the “**Land**”), the renovation of an approximately 95,141 square foot building located thereon (the “**Improvements**”) and the acquisition and installation therein of certain equipment not part of the Equipment (as such term is defined herein) (the “**Facility Equipment**”; and, together with the Land and the Improvements, the “**Company Facility**”), which Company Facility is to be leased and subleased by the Agency to the Company and further subleased by the Company to the Sublessee, and (b) the acquisition and installation of certain equipment and personal property (the “**Equipment**”), which Equipment is to be leased by the Agency to the Sublessee (the Company Facility and the Equipment are collectively referred to herein as the “**Facility**”), and which Facility is to be used by the Sublessee as office and warehouse space in its business as a distributor of medical components and cosmetic disposables, including the following as they relate to the appointment of the Company and the Sublessee as agent(s) of the Agency with respect to the acquisition, renovation 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, renovation 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 Agency will acquire a leasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of June 1, 2015 or such other date as the Chairman or 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 sublease and lease the Company Facility to the Company pursuant to a certain Lease Agreement, dated as of June 1, 2015 or such other date as the Chairman or 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 lease the Equipment to the Sublessee pursuant to a certain Equipment Lease Agreement, dated as of June 1, 2015 or such other date as the Chairman or 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, while the Company and the Sublessee have represented to the Agency that the approval of the Facility will result in the closure of two (2) plants located at 150-Q Executive Drive, Edgewood, New York and at 95-Q Executive Drive, Edgewood, New York, and the Agency would otherwise be prohibited from granting benefits pursuant to the provisions of Section 862 of the Act, based upon the representations of the Company and the Sublessee in the Application for financial assistance filed by the Company and the Sublessee with the Agency (the “**Application**”), the closure of the plants is reasonably necessary to discourage the Sublessee from removing such plant to a location outside the State and therefore not subject to the prohibitions contained in Section 862 of the Act; 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 sales and use taxes in an amount not to exceed \$151,800, 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), 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; 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 will enter into a certain Payment-in-Lieu-of-Tax Agreement, dated as of June 1, 2015, or such date as may be determined by the Chairman or Executive Director of the Agency and counsel to the Agency (the “**PILOT Agreement**”), pursuant to which the Company and the Sublessee 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, the Company and the Sublessee will enter into a certain Recapture Agreement,

dated as of June 1, 2015 or such date as may be determined by the Chairman or Executive Director of the Agency and counsel to the Agency (the “**Recapture Agreement**”), by and among the Agency, the Company and the Sublessee; 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. 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 Company Facility, the leasing of the Company Facility to the Company, the subleasing of the Company Facility by the Company to the Sublessee, and 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; and

(d) The acquisition, renovation and equipping of the Facility is reasonably necessary to induce the Company and the Sublessee to maintain and expand their respective 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) 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; and

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

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

(k) The 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

(l) 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

(m) The Environmental Compliance and Indemnification Agreement, dated as of June 1, 2015 or such other date as may be determined by the Chairman or the Executive Director of the Agency and counsel to the Agency (the "**Environmental Compliance and Indemnification Agreement**"), by and among the Agency, the Company and the Sublessee 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

(n) The Agency Compliance Agreement, dated as of June 1, 2015 or such other date as may be determined by the Chairman or the Executive Director of the Agency and counsel to the Agency (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 Lease Agreement.

Section 2. 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) lease and sublease 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, deliver and perform the PILOT Agreement, (viii) execute, deliver and perform the Recapture Agreement, (ix) execute and deliver the Environmental Compliance and Indemnification Agreement, and (x) execute and deliver the Agency Compliance Agreement.

Section 3. 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, 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. Reserved.

Section 5. 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 and equipping of the Facility in the form of (i) exemptions from sales and use taxes in an amount not to exceed \$151,800, 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), consistent with the policies of the Agency.

Section 6. Subject to the provisions of this resolution, the Company and the Sublessee are herewith and hereby appointed the agents of the Agency to acquire, renovate 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, renovate 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, 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 and/or the Sublessee has received exemptions from sales and use taxes in an amount not to exceed \$151,800 in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility; 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 7. 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 8. The form and substance of the Company Lease, the Lease Agreement, the Equipment Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement, and the Agency Compliance 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.

(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 Company Lease, the Lease Agreement, the Equipment Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement, and the Agency Compliance Agreement, 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 10. 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 11. This resolution shall take effect immediately.

EXHIBIT A

Form of 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), Connetquot School District, Suffolk County and Appropriate Special Districts

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 and the Sublessee would pay without exemption

Payment Formula

2016/2017	100% Normal Tax due on \$ 437,000
2017/2018	100% Normal Tax due on \$ 480,700
2018/2019	100% Normal Tax due on \$ 524,400
2019/2020	100% Normal Tax due on \$ 568,100
2020/2021	100% Normal Tax due on \$ 611,800
2021/2022	100% Normal Tax due on \$ 655,500
2022/2023	100% Normal Tax due on \$ 699,200
2023/2024	100% Normal Tax due on \$ 742,900
2024/2025	100% Normal Tax due on \$ 786,600
2025/2026	100% Normal Tax due on \$ 830,300
2026/2027	100% Normal Tax due on \$ 874,000 (Full Taxation)
and thereafter	