

Date: October 19, 2016

At a meeting of the Town of Brookhaven Industrial Development Agency (the "Agency"), held on the 19th day of October, 2016 at 12:00 p.m., at 1 Independence Hill, 3rd Floor, Farmingville, New York 11738, , the following members of the Agency were:

Present: Frederick C. Braun, III
Martin Callahan
Felix J. Grucci, Jr.
Michael Kelly
Gary Pollakusky
Ann-Marie Scheidt

Recused:

Absent: Scott Middleton

Also Present: Lisa M. G. Mulligan, Chief Executive Officer

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 in and title to a certain industrial development facility more particularly described below (Blue Point Brewing Company, Inc. 2016 Facility) and the leasing of the facility to Blue Point Brewing Company, Inc.

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

Voting Aye

Voting Nay

Braun
Callahan
Grucci
Kelly
Pollakusky
Scheidt

equipment in connection with the acquisition, demolition, renovation, 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, demolition, renovation, 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 will acquire a leasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of November 1, 2016 or such other date as the Chairman, the Chief Executive Officer 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 Facility to the Company pursuant to a certain Lease and Project Agreement, dated as of November 1, 2016 or such other date as the Chairman, the Chief Executive Officer 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 consistent with the policies of the Agency, in the form of (i) exemptions from sales and use taxes in an amount not to exceed \$2,000,000, 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 C 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, a public hearing (the "**Hearing**") was held on October 19, 2016 and notice of the Hearing was given and such notice (together with proof of publication) together with the minutes of the Hearing are in substantially in the form annexed hereto as Exhibits A and B respectively; and

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

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, the "**SEQR Act**" or "**SEQR**"), the Agency constitutes a "State Agency"; and

WHEREAS, to aid the Agency in determining whether the Facility may have a significant effect upon the environment, the Company has prepared and submitted to the

Agency an Environmental Assessment Form and related documents (the “**Questionnaire**”) with respect to the Facility, a copy of which is on file at the office of the Agency; and

WHEREAS, the Questionnaire has been reviewed by the Agency; and

WHEREAS, the Agency constitutes an “Involved Agency”(as defined in SEQR); and

WHEREAS, the construction and operation of the Facility is an “Action” under SEQR; and

WHEREAS, the Board of Trustees of the Incorporated Village of Patchogue (the “**Board**”), as an Involved Agency under SEQR, declared its intent to act as Lead Agency for purposes of review of the Facility under SEQR, and coordinated review with Involved and Interested Agencies; and

WHEREAS, no Involved Agency objected to the Board, acting as Lead Agency for purposes of review of the Facility under SEQR, and therefore, the Board, was the Lead Agency; and

WHEREAS, on October 11, 2016, the Lead Agency, following a coordinated review, determined that the Facility to be a Type I Action as identified under SEQR; and

WHEREAS, the Board has completed Parts 2 and 3 of the full Environmental Assessment Form, reviewed the criteria for making a determination of significance comparing these criteria to identified impacts and has made a determination pursuant to Resolution #172-2016, that the proposed Facility will not result in significant adverse impacts to the environment for the Action; 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. Based upon the Questionnaire completed by the Company and reviewed by the Agency and other representations and information furnished by the Company, the Lead Agency, following coordinated review, determined that, based upon its review of the EAF, the appropriate criteria for determination of significance, and such other and further information which the Lead Agency felt necessary to review, the Facility will not result in significant adverse impacts to the environment and, therefore an environmental impact statement will not be prepared. That determination constitutes a negative declaration for purposes of SEQR, which is binding on the Agency.

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 Facility and 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 Brookhaven, 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, demolition, renovation, construction and equipping of 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 counsel to the Company, the Facility conforms with the local zoning laws and planning regulations of the Town of Brookhaven, 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 the Facility to the Company; 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 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 3. 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 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) lease and sublease the Facility to the Company pursuant to the Lease Agreement, and (iv) execute, deliver and perform the Lease Agreement.

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 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 acquire 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 acquisition are hereby approved, ratified and confirmed.

Section 7. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company in connection with the acquisition, demolition, renovation, construction and equipping of the Facility in the form of (i) exemptions from sales and use taxes in an amount not to exceed \$2,000,000, in connection with the purchase or lease of equipment, building materials, services or other personal property, and (ii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereof), consistent with the policies of the Agency.

Section 8. Subject to the provisions of this resolution, the Company is herewith and hereby appointed the agent of the Agency to acquire, demolish, renovate, construct 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, demolish, renovate, construct and equip the Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of the Company 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, 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, 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 has received exemptions from sales and use taxes in an amount not to exceed \$2,000,000 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 9. 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 Authorizing Resolution is subject to termination and recapture of benefits pursuant to Section 875 of the Act and the Lease Agreement.

Section 10. 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 11.

(a) The Chairman, the Chief Executive Officer of the Agency 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, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, the Chief Executive Officer of the Agency 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, the Chief Executive Officer of the Agency or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, the Chief Executive Officer of the Agency 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 12. 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 13. Any expenses incurred by the Agency with respect to the Facility shall be paid by the Company. By acceptance hereof, the Company agrees to pay such expenses and further agree to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Facility.

Section 14. This resolution shall take effect immediately.

ADOPTED: OCTOBER 19, 2016

ACCEPTED: _____, 2016

**BLUE POINT BREWING
COMPANY, INC.**

By: _____

Name:

Title:

STATE OF NEW YORK)
 : SS.:
COUNTY OF SUFFOLK)

I, the undersigned Assistant Secretary of the Town of Brookhaven Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Town of Brookhaven Industrial Development Agency (the “Agency”), including the resolutions contained therein, held on the 19th day of October, 2016, 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 19th day of October, 2016.

By:  _____
Assistant Secretary

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Title 1 of Article 18-A of the New York State General Municipal Law will be held by the Town of Brookhaven Industrial Development Agency on the 19th day of October, 2016, at 10:00 a.m., local time, at the boardroom/courtroom at Patchogue Village Hall, 14 Baker Street, Patchogue, New York 11772, in connection with the following matters:

Blue Point Brewing Company, 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 Blue Point Brewing Company, 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 Brookhaven Industrial Development Agency (the "**Agency**") to enter into a transaction in which the Agency will assist in: (i) the acquisition of a leasehold interest in a parcel of land totaling approximately 8.0 acre located at 225 West Main Street, Village of Patchogue, Town of Brookhaven, Suffolk County, New York (the "**Land**"), (ii) the demolition and renovation of interior building spaces located in an existing two-story approximately 109,200 square foot building located thereon including, but not limited to, the construction and equipping of (a) an approximately 1,200 square foot addition to the west side of the existing building to accommodate four (4) new loading dock doors, (b) an approximately 7,100 square foot portion of the space to be used as office space, (c) approximately 61,800 square foot portion of the space to be used for production, packaging, warehousing space and a tasting room, restaurant and retail space for the public (the "**Improvements**"); and (iii) the acquisition and installation of furniture, fixtures and equipment including, but not limited to, state-of-the-art craft beer manufacturing equipment including brew kettles, beer packers, keg fillers and palletizers, tables, chairs and related furnishings (collectively, the "**Equipment**"; and, together with the Land and the Improvements, the "**Facility**"), all to be leased by the Agency to the Company in its growth and expansion as a Long Island craft brewery. The Facility will be initially owned and managed by the Company.

The Agency will acquire a leasehold interest in the Facility and will lease or sublease the Facility to the Company. The Agency contemplates that it will provide financial assistance to the Company in the form of exemptions from sales and use taxes in connection with the acquisition, construction, renovation, equipping and financing of the Facility, exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing or permanent financing of the Facility and abatement of real property taxes, all consistent with the policies of the Agency.

A representative of the Agency will at the above-stated time and place hear and accept written comments from all persons with views in favor of or opposed to either the proposed financial assistance to the Company or the location or nature of the Facility. At the hearing, all persons will have the opportunity to review the application for financial

assistance filed by the Company with the Agency and an analysis of the costs and benefits of the proposed Facility.

A representative of the Agency will at the above-stated time and place hear and accept written comments from all persons with views in favor of or opposed to either the proposed financial assistance to the Company or the location or nature of the Facility. At the hearing, all persons will have the opportunity to review the application for financial assistance filed by the Company with the Agency and an analysis of the costs and benefits of the proposed Facility.

Dated: October 9, 2016

TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT
AGENCY

By: Lisa MG Mulligan
Title: Chief Executive Officer

EXHIBIT B

MINUTES OF PUBLIC HEARING HELD ON
OCTOBER 19, 2016 at 10:02 A.M.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY
(BLUE POINT BREWING COMPANY, INC. 2016 FACILITY)

1. James M. Tullo, Deputy Director of the Town of Brookhaven Industrial Development Agency (the “Agency”) called the hearing to order.

2. The Deputy Director then described the location and nature of the Facility to be financed as follows:

Blue Point Brewing Company, 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 Blue Point Brewing Company, 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 Brookhaven Industrial Development Agency (the “Agency”) to enter into a transaction in which the Agency will assist in: (i) the acquisition of a parcel of land totaling approximately 8.0 acre located at 225 West Main Street, Village of Patchogue, Town of Brookhaven, Suffolk County, New York (the “Land”), (ii) the demolition and renovation of interior building spaces located in an existing two-story approximately 109,200 square foot building located thereon including, but not limited to, the construction and equipping of (a) an approximately 1,200 square foot addition to the west side of the existing building to accommodate four (4) new loading dock doors, (b) an approximately 9,650 square foot portion of the space to be used as office space, (c) approximately 48,700 square foot portion of the space to be used for production, packaging, warehousing space and a tasting room for the public (the “Improvements”); and (iii) the acquisition and installation of furniture, fixtures and equipment including, but not limited to, state-of-the-art craft beer manufacturing equipment including brew kettles, beer packers, keg fillers and palletizers (collectively, the “Equipment”; and, together with the Land and the Improvements, the “Facility”), all to be leased by the Agency to the Company in its growth and expansion as a Long Island craft brewery. The Facility will be initially owned and managed by the Company.

3. The Agency contemplates that it will provide financial assistance to the Company in the form of exemptions from sales and use taxes in connection with the acquisition, construction, renovation, equipping and financing of the Facility, exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing or permanent financing of the Facility and abatement of real property taxes, all consistent with the policies of the Agency.

4. The hearing officer then opened up the hearing for comments from the floor for or against the location and nature of the Facility. The following is a listing of the persons heard and a summary of their views:

John Bogack – “I support the application with full pro-rata adjustment for Patchogue Village taxpayers (PILOT).”

Michael White, Greater Patchogue.com – no comment

David P. Leno, Rivkin Radler – no comment

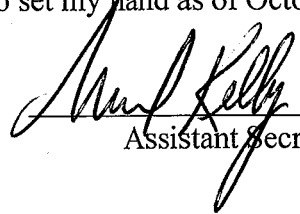
5. The Deputy Director then asked if there were any further comments and, there being none, the hearing was closed at 10:32 a.m.

STATE OF NEW YORK)
 : SS.:
COUNTY OF SUFFOLK)

I, the undersigned Assistant Secretary of the Town of Brookhaven Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the foregoing copy of the minutes of a public hearing held by the Town of Brookhaven Industrial Development Agency (the "Agency") on October 19, 2016, at 10:00 a.m. local time, at the Village of Patchogue, with the original thereof on file in the office of the Agency, and that the same is a true and correct copy of the minutes in connection with such matter.

IN WITNESS WHEREOF, I have hereunto set my hand as of October 19, 2016.



Assistant Secretary

EXHIBIT C

Proposed PILOT Schedule

Schedule of payments-in-lieu-of-taxes: Village of Patchogue, Town of Brookhaven, (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), Patchogue-Medford School District, Suffolk County and Appropriate Special Districts

<u>Tax Year</u>	<u>PILOT Payment Amount</u>
1	\$270,747
2	\$270,747
3	\$276,161
4	\$281,685
5	\$287,318
6	\$293,065
7	\$298,926
8	\$304,905
9	\$311,003
10	\$317,223