

RESOLUTION INDUCING THE FINANCING OF AN INDUSTRIAL AND MANUFACTURING FACILITY TO BE DEVELOPED BY SALMAR PROPERTIES, LLC AS AN INDUSTRIAL INCENTIVE PROGRAM (STRAIGHT-LEASE) TRANSACTION AND AUTHORIZING THE EXECUTION AND DELIVERY OF AGREEMENTS

WHEREAS, the New York City Industrial Development Agency, New York, New York (the "Agency") is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the "Act"), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, the Agency proposes to obtain the aforementioned public benefits and to accomplish the purposes of the Act by inducing Salmar Properties, LLC (the "Developer" or the "Applicant") to undertake a "project" within the meaning of the Act, consisting of the acquisition, demolition, construction, re-construction, renovation, furnishing and equipping, by the Developer, of an approximately 1,100,000 square foot building on an approximately 140,000 square foot parcel of land consisting of Block 671, Lot 1, located between 2nd Avenue and 3rd Avenue in Brooklyn, New York (the "Facility" or "Federal Building #2"), to be leased by the Developer to various industrial and manufacturing tenants (together with the Facility, the "Project"); and

WHEREAS, to facilitate the Project, the Applicant will provide for the leasing of the Facility by the Developer to the Agency (the "Developer Lease") and the subleasing of the Facility by the Agency to the Developer (the "Developer Sublease"); and

WHEREAS, the Applicant has submitted a Project Financing Application to the Agency to initiate the accomplishment of the above; and

WHEREAS, the Project Application sets forth certain information with respect to the Applicant and the Project, including the following: that Agency financial assistance is necessary in order to induce the Applicant to acquire, demolish, construct, renovate, furnish and equip the Facility and provide competitive rents to enable tenancy by industrial and manufacturing tenants upon its completion; that the demolition, construction, renovation and equipping of the Facility will create 225 new, temporary construction jobs; and that upon completion of the Project and lease-up, the Facility will house approximately 1,532 permanent tenant jobs thereby advancing job opportunities within New York City (the "City"); and that, therefore, Agency financial assistance is necessary to encourage the Applicant to proceed with the Project; and

WHEREAS, based upon the Project Application, the Agency hereby determines that Agency financial assistance and related benefits in the form of a straight lease transaction between the Agency and the Applicant are necessary to induce the Applicant to acquire, demolish, construct, renovate, furnish and equip the Facility; and

WHEREAS, the Developer expects to enter into loan commitments with various commercial banks, institutional lenders or governmental entities lenders acceptable to the Developer and the Agency (collectively, the "Lender") which will provide funds to the Developer in the form of loans (whether for

the purpose of construction and renovation and/or on a permanent basis) to finance a portion of the costs of the Project; and

WHEREAS, the Agency desires further to encourage the Developer with respect to the acquisition, demolition, construction, re-construction, renovation, furnishing and equipping of the Facility, if by so doing it is able to induce the Developer to provide manufacturing and industrial space to tenants within the City and to create jobs within the City;

NOW, THEREFORE, NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY HEREBY RESOLVES AS FOLLOWS:

Section 1. The Agency hereby determines that the Project and the providing of financial assistance to the Applicant pursuant to the Act in the form of a straight-lease transaction will promote and is authorized by and will be in furtherance of the policy of the State of New York as set forth in the Act and hereby authorizes the Applicant to proceed with the Project. The Agency further determines that:

(a) the Project shall not result in the removal of any facility or plant of the Applicant or any other occupant or user of the Project from outside of the City (but within the State of New York) to within the City or in the abandonment of one or more facilities or plants of the Applicant or any other occupant or user of the Project located within the State of New York but outside of the City; and

(b) no funds of the Agency shall be used in connection with the Project for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given in connection with the Project to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State of New York.

Section 2. The officers of the Agency and other appropriate officials of the Agency and its agents and employees are hereby authorized and directed to take whatever steps may be necessary to cooperate with the Applicant to assist in the acquisition, demolition, construction, re-construction, renovation, furnishing and equipping of the Facility.

Section 3. The Applicant is authorized to proceed with the Project on behalf of the Agency as set forth in this Resolution; provided, however, that it is acknowledged and agreed by the Applicant that (i) leasehold title to or other interest of the Agency in the Project shall be in the Agency for purposes of granting financial assistance, and (ii) the Applicant is hereby constituted the agent for the Agency solely for the purpose of effecting the Project, and neither the Agency, nor any of its members, directors, officers, employees, agents or servants, shall have any personal liability for any such action taken by the Applicant for such purpose.

Section 4. The officers of the Agency are hereby designated the authorized representatives of the Agency, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution.

Section 5. Any costs and expenses incurred by the Agency with respect to the Project and the financial assistance contemplated by this Resolution shall be paid by the Applicant, whether or not the Applicant proceeds with the financing of the Project as contemplated herein or receives the financial

assistance contemplated to be provided by the Agency through the straight lease transaction between the Agency and the Applicant as herein authorized (other than by the sole fault of the Agency). By acceptance hereof, the Applicant agrees to pay such costs and expenses and further agrees to indemnify the Agency, its members, directors, officers, employees and agents and hold the Agency and such persons harmless against claims for any loss, liability, damage or injury or cost or expense incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Project and the financing thereof.

Section 6. This Resolution is subject to the approval of a private investigative report with respect to the Applicant. The provisions of this Resolution shall continue to be effective until one year from the date hereof whereupon the Agency may, at its option, terminate the effectiveness of this Resolution (except with respect to the matters contained in Section 5 hereof) unless prior to the expiration of such year the Agency shall by subsequent resolution extend the effective period of this Resolution.

Section 7. The Agency, as lead agency, hereby determines, based upon information furnished to the Agency by the Applicant and such other information as the Agency has deemed necessary to make this determination, that the Project, an unlisted action, pursuant to the State Environmental Quality Review Act, being Article 8 of the New York State Environmental Conservation Law and the implementing regulations, will not have a significant effect on the environment and that a Draft Environmental Impact Statement will not be prepared. The reasons supporting this determination are as follows:

- (a) The proposed Project is not anticipated to result in a significant adverse change in ambient air quality, traffic or noise levels. In order to confirm the trip generation assumptions set forth in the Environmental Assessment Form and Supplemental Studies prepared for the Project, the Applicant shall, upon completion and occupation of the Federal Building #2, conduct at its cost and expense a trip generation assessment study comparing the number of trips generated by the probable alternative as-of-right development at the site to the number of trips generated by the Project. The trip generation assessment shall include New York City Department of Transportation (NYCDOT) approved surveys of the Building. If the actual difference in peak hour trips generated by the Project exceeds the number of trips projected for the assumed probable alternative by 50 trips in any peak hour, Applicant shall, at its cost and expense, analyze traffic conditions at the immediate intersections around the Project site and to pay for the cost and expense of implementation by NYCDOT of any Transportation System Management improvement measures that would improve traffic conditions at these intersections.
- (b) The proposed Project will not result in the impairment of the character or quality of important historical, archaeological, architectural, aesthetic resources or character of the existing community/ neighborhood. It was determined by the New York City Landmark Preservation Commission staff that there are no potential archaeological resources on the project site. In addition, the Project does not propose any in ground excavation/construction and Applicant proposes to undertake building renovations in conformance with the standards promulgated by the Secretary of the United States Department of the Interior for the treatment of historic structures as well as conduct a Historic American Building Survey. Since the Building will not be substantially altered and the use will be as-of-right under zoning and generally consistent with surrounding area

uses, no significant adverse impairment of the character of the existing neighborhood would occur.

- (c) The proposed Project will not result in the creation of a hazard to human health. A focused subsurface investigation of the site which assessed site soils and groundwater identified no evidence of reportable or actionable contaminant release on the site. Furthermore, the Project does not propose any in-ground construction and the extensive lead-based paint and any asbestos containing material within the building will be removed and disposed of in accordance with applicable laws and regulations.
- (d) No other significant effects upon the environment that would require the preparation of a Draft Environmental Impact Statement are foreseeable.

Section 8. For purposes of obtaining a leasehold interest in land and the existing improvements at the site of the Facility, the Developer Lease, substantially in the form previously approved by the Agency in connection with prior financings and made a part hereof as if fully set forth herein, with such changes as the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs of the Agency shall deem advisable, be, and the same is hereby approved and the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs of the Agency are hereby authorized and directed to execute, acknowledge and deliver the Developer Lease in the name of the Agency, and the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director, Vice President for Legal Affairs or General Counsel of the Agency if not executing the Developer Lease, are hereby authorized to attest the same. The execution and delivery of the Developer Lease shall be conclusive evidence of due authorization and approval of the Developer Lease in its final form.

Section 9. For purposes of providing the terms and conditions applicable to the subleasing leasing of the Facility by the Agency to the Developer, the Developer Sublease, substantially in the form previously approved by the Agency in connection with prior financings and made a part hereof as if fully set forth herein, with such changes as the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs of the Agency shall deem advisable, be, and the same is, hereby approved; and the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs of the Agency are hereby authorized and directed to execute, acknowledge and deliver the Developer Sublease in the name of the Agency, and the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director, Vice President for Legal Affairs or General Counsel of the Agency if not executing the Developer Sublease, are hereby authorized to attest the same. The execution and delivery of the Developer Sublease shall be conclusive evidence of due authorization and approval of the Developer Sublease in its final form.

Section 10. The Lender may require that the obligations of the Developer under the loan agreement be secured by one or more mortgages (collectively, the "Mortgage") on the Facility from the Developer and the Agency in favor of the Lender. The Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs of the Agency are hereby authorized and directed to execute, acknowledge and deliver any such Mortgage on behalf of the Agency to the Lender in such form as may be acceptable to the Chairperson, Vice Chairperson, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs of the Agency. The execution and delivery of the Mortgage to the Lender shall be conclusive evidence of due authorization and approval of the Mortgage in its final form.

Section 11. All covenants, stipulations, obligations and agreements of the Agency contained in this Resolution, the Developer Lease, the Developer Sublease, the Mortgage or any documents related thereto and authorized hereby (collectively, the "Project Documents") shall be deemed to be the covenants, stipulations, obligations and agreements of the Agency to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Agency and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Agency or the officers thereof by the provisions of this Resolution or any of the Project Documents shall be exercised or performed by the Agency or such officers, or by officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenant, stipulation, obligation or agreement herein contained or contained in any Project Document shall be deemed to be a covenant, stipulation, obligation or agreement of any member, director, officer, agent or employee of the Agency in their individual capacity thereof and neither the members nor the directors of the Agency nor any officer executing any Project Document shall be liable personally for any amounts payable thereunder or arising from claims thereon or be subject to any personal liability or accountability by reason of the execution and delivery or acceptance thereof.

Section 12. The Chairperson, the Vice Chairperson, the Secretary, the Assistant Secretary, the Executive Director and the Deputy Executive Director, the Vice President for Legal Affairs and the General Counsel of the Agency, and any member of the Agency, are hereby designated the authorized representatives of the Agency and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits, agreements and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution and the Project Documents.

Section 13. In connection with the Project, the Agency intends to grant to the Developer real estate tax abatements, building tax stabilization, a mortgage recording tax deferral and sales and/or use tax exemptions.

Section 14. This Resolution shall take effect immediately.

ADOPTED: June 14, 2011

ACCEPTED: _____, 2011

SALMAR PROPERTIES, LLC

By: _____
Name:
Title: