A RESOLUTION DETERMINING THE ATLANTIS MARINE WORLD PROJECT TO BE A PROJECT, APPROVING THE PROVIDING OF FINANCIAL ASSISTANCE TO ATLANTIS HOLDING COMPANY LLC, AUTHORIZING THE ISSUANCE AND SALE OF THE AGENCY'S 1999 INDUSTRIAL DEVELOPMENT REVENUE BONDS, SERIES 1999 (ATLANTIS MARINE WORLD FACILITY), AND THE APPROVAL AND EXECUTION OF RELATED DOCUMENTS.

WHEREAS, Atlantis Holding Company LLC, a New York limited liability company qualified to do business in the State of New York ("Atlantis") has made application (the "Application") to the Town of Riverhead Industrial Development Agency, a public benefit corporation and an industrial development agency of the State of New York (the "Agency"), for financial assistance, as hereinafter defined, with respect to (1) the acquisition from the Town of Riverhead Community Development Agency of a parcel of land consisting of approximately 3.1 acres and located on East Main Street, Riverhead, together with the buildings located thereon, such buildings being originally constructed by the former Okeanos Ocean Research Foundation, Inc. and utilized as a preview center by Okeanos and as a marine mammal and sea turtle rehabilitation facility by the Riverhead Foundation for Marine Research and Preservation, and (ii) the construction of additional buildings and the reconstruction of the existing buildings, and the equipping of each, to provide a for-profit marine theme entertainment facility (the "Project") at a maximum estimated cost of $8,000,000; and

WHEREAS, the Project, as proposed, will constitute facilities or property primarily used in making retail sales to customers who personally visit such facilities constituting more than one-third of the total Project cost; and

WHEREAS, the Project is located in an area previously determined by the Town Board of the Town of Riverhead (the "Town") to be a highly distressed area and, accordingly, pursuant to Section 862(2)(b) of the General Municipal Law, financial assistance may be provided by the Agency to Atlantis for the Project; and

WHEREAS, the Town has acted as "lead agency", in accordance with the provisions of the State Environmental Quality Review Act ("SEQRA"), with respect to the Project and has issued a "negative declaration" in accordance with SEQRA with respect to the Project. The Agency has acted as "lead agency", in accordance with the provisions of SEQRA, with respect to the Agency's providing financial assistance to Atlantis for the Project and has determined that the providing of financial assistance to Atlantis for the Project, as proposed, will have no significant effect on the environment; and

WHEREAS, by resolution duly adopted by the Members of the Agency on October 5, 1998 (the "Resolution"), the Agency called a public hearing with respect to the providing of financial assistance by the Agency to Atlantis for the Project (the "Public Hearing"), the Public Hearing being noticed as required by law and having been held on November 16, 1998, at 5:00 P.M., Prevailing Time, at the Town Hall, 200 Howell Avenue, in Riverhead, New York; and

WHEREAS, at the Public Hearing all interested parties were provided with reasonable opportunity, both orally and in writing, to present their views with respect to the Project and the providing of financial assistance therefor, as set forth in the notice of the Public Hearing, in the Resolution and in Section 2 of this resolution; NOW, THEREFORE, BE IT

RESOLVED, by the Members of the Town of Riverhead Industrial Development Agency, Suffolk County, New York, as follows:

Section 1. The Agency, based upon its review of the Application and information provided at and with respect to the Public Hearing, hereby determines (i) that the Project will promote the health, general prosperity and the economic welfare of the inhabitants of the Town and serves a public purpose as set forth in Article 18-A of the General Municipal Law, and (ii) is a "project" as defined in Section 854(4) of the General Municipal Law.

Section 2. Subject to the execution of financing documents as provided in Section 15 hereof, the provision of financial assistance to Atlantis through the issuance of obligations of the Agency interest on which is includable in the gross income of the owners thereof for federal income tax purposes but not includable in the gross income of the owners thereof for personal income taxes imposed by the State of New York, the provision of an exemption from Mortgage Recording Taxes, the provision of an exemption from Sales and Compensating Use Taxes on certain property, including tangible personal property, and an abatement of real property taxes through a Payment-in-Lieu of Tax Agreement requiring payments in an amount less than that which would otherwise be required to be paid as real property taxes, ("Financial Assistance"), is hereby approved.

Section 3. It is desirable and in the public interest for the Agency to issue its Industrial Development Revenue Bonds, Series 1999 (Atlantis Marine World Facility), in a principal amount not exceeding $3,000,000 (the "Bonds") to pay costs of the Project.

Section 4. In consequence of the foregoing, the Agency hereby determines to: (i) arrange for the placement of the Bonds through ABN AMRO Incorporated (the "Placement Agent") pursuant to the terms and conditions set forth in a Trust Indenture by and between the Agency and Manufacturers and Traders Trust Company, as trustee (the "Trustee") dated as of July 1, 1999 (the "Indenture") and in a Bond Placement Agreement by and between the Placement Agent, the Agency and Atlantis (the "Bond Placement Agreement"); (ii) use the proceeds of the Bonds for the principal purpose of financing the cost of the Project; (iii) secure the Bonds in the manner provided in the Indenture, including through a direct pay letter of credit provided by European American Bank in favor of the Trustee (the "Letter of Credit") and in a Sale Agreement, dated as of July 1, 1999 between the Agency and Atlantis (the "Sale Agreement"); (iv) execute a mortgage (the "Mortgage") and a pledge and assignment (the "Pledge and Assignment") to secure Atlantis's reimbursement obligation under the letter of credit; (v) execute a payment-in-lieu of taxes agreement, dated as of July 1, 1999, with Atlantis with respect to the Project (the "PILOT Agreement"), (vi) accept a guaranty of Atlantis's obligations under the Sale Agreement, dated as of July 1, 1999, from Atlantis and others (the "Guaranty"), and

(vii) do all other things necessary in connection with the issuance, execution, delivery and sale of the Bonds and the execution and delivery of the Financing Documents (as hereinafter defined).

Section 5. The Agency is hereby authorized to accomplish the transaction described in this resolution, and to do all things necessary or appropriate for the accomplishment thereof and all acts heretofore taken by the Agency with respect to such transaction are hereby approved.

Section 6. The form and substance of the Bonds (in substantially the form presented to this meeting), are hereby approved.

Section 7. The form and substance of the Indenture (in substantially the form presented to this meeting), are hereby approved.

Section 8. The form and substance of the Sale Agreement (in substantially the form presented to this meeting), are hereby approved.

Section 9. The form and substance of the Mortgage (in substantially the form presented to this meeting) are hereby approved.

Section 10. The form and substance of the Pledge and Assignment (in substantially the form presented to this meeting) are hereby approved.

Section 11. The form and substance of the Bond Placement Agreement (in substantially the form presented to this meeting) are hereby approved.

Section 12. The form and substance of the PILOT Agreement (in substantially the form provided to this meeting) are hereby approved.

Section 13. The form and substance of the Guaranty (in substantially the form presented to this meeting) are hereby approved.

Section 14. The Agency is hereby authorized to issue, execute and deliver the Bonds, all in accordance with the provisions of the Indenture and the Bond Placement Agreement, provided that:

(a) The Bonds shall (i) be issued, executed and delivered at such time as the Chairman or the Vice Chairman shall determine, and (ii) be in such principal amount, bear interest at the rate or rates, be issued in such form, be subject to redemption prior to maturity, and have such other provisions and be issued in such manner and on such conditions as are set forth in the Bonds, the Indenture and the Bond Placement Agreement, which terms are specifically incorporated herein with the same force and effect as if fully set forth in this resolution.

(b) The Bonds shall be issued solely for the purpose of financing the cost of the Project and the administrative, legal, financial and other expenses of the Agency in connection with and incidental to the issuance of the Bonds.

(c) The Bonds, the premium, if any, and the interest thereon are not and shall never be a debt of the State of New York or any political subdivision thereof (including, without limitation, the Town) and neither the State nor any political subdivision (including, without limitation, the Town) thereof shall be liable thereon.

(d) Neither the members, officers, employees or agents of the Agency, nor any person executing either the Bonds, the Indenture, the Sale Agreement, the Bond Placement Agreement, the Mortgage or any other document authorized to be executed hereunder shall be liable thereon or be subject to any personal liability by reason of the issuance, sale, execution, delivery, distribution or use thereof.

(e) The Bonds, together with the premium, if any, and interest payable thereon, shall be special obligations of the Agency payable solely from the revenues and receipts derived under the Sale Agreement and the enforcement of the security provided by the Indenture and the Letter of Credit.

<u>Section 15</u>.

(a) The Chairman or the Vice Chairman of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Indenture, the Sale Agreement, the Bond Placement Agreement, the Mortgage, the Pledge and Assignment, the PILOT Agreement and the Bonds and to accept the Guaranty (hereinafter collectively called the "Financial Documents") and the Secretary or

Assistant Secretary of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman or the Vice Chairman shall approve, including a determination of the aggregate principal amount of the Bonds to be executed and delivered, the rate or rates of interest to be borne, and the amortization of the Bonds. The execution thereof by the Chairman or the Vice Chairman shall constitute conclusive evidence of such approval.

(b) The Chairman or the Vice Chairman are further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representative of the Agency (as defined in and pursuant to the Sale Agreement).

Section 16. The members, 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 Financing Documents, and to execute and deliver all such additional certificates, agreements, 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 Financing Documents binding upon the Agency.

Section 17. A copy of this resolution, together with the attachments thereto, shall be placed on file in the office of the Agency where the same shall be available for public inspection during regular business hours.

Section 18. This resolution shall take effect immediately and the Bonds are hereby ordered to be issued in accordance with this resolution.

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

Asst.

I, the undersigned Secretary of the Town of Riverhead Industrial Development Agency (the "Agency "), DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Agency, including the resolution contained therein, held on the 21st day of July, 1999, 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 resolution set forth therein and of the whole of said original insofar as the same relates to the subject matters therein referred to and such resolution has not been amended, modified or rescinded and is in full force and effect on the date hereof.

I FURTHER CERTIFY (i) all members of the Agency had due notice of said meeting (ii) pursuant to Section 103 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that notice of the time and place of said meeting was duly given in accordance with such Section 103, (iii) the meeting was in all respects duly held, and (iv) there was a quorum present throughout.

IN WITNESS WHEREOF, I have hereunder set my hand and affixed the seal of the Agency as of the 29th day of July, 1999.

[redacted]

MONIQUE J. GABLENZ
Assistant Secretary

(SEAL)