

RESOLUTION GRANTING APPROVAL OF AND AUTHORIZING THE GRANT OF CERTAIN FINANCIAL ASSISTANCE BY THE TOWN OF BABYLON INDUSTRIAL DEVELOPMENT AGENCY TO D'ADDARIO & COMPANY INC., D'ADDARIO REALTY COMPANY AND MINMILT REALTY CORP. WITH RESPECT TO SEVERAL FACILITIES LOCATED IN THE TOWN OF BABYLON

WHEREAS, the Town of Babylon Industrial Development Agency (the "Agency") has heretofore provided financial assistance within the meaning of the Industrial Development Agency Act, Article 18-A of the General Municipal Law of the State of New York (the "Act") to D'Addario & Company, Inc., a corporation organized and existing under the laws of the State of New York (the "Company") and D'Addario Realty Company, LLC, a limited liability company existing under the laws of the State of New York (the "Owner"), with respect the facilities of the Company located at 595 Smith Street in Farmingdale, New York (the "595 Smith Street Facility"), pursuant to a straight lease transaction dated April 30, 2009 among the Agency, the Owner and the Company; and

WHEREAS, the Agency has heretofore provided financial assistance within the meaning of the Act to the Company and Minmilt Realty Corp., a corporation organized and existing under the laws of the State of New York ("Minmilt"), with respect the facilities of the Company located at 540 Smith Street in Farmingdale, New York (the "540 Smith Street Facility" and collectively with the 595 Smith Street Facility, the "Existing Facility"), pursuant to a straight lease transaction dated February 26, 2009, among the Agency, Minmilt and the Company; and

WHEREAS, provision of financial assistance by the Agency to the Existing Facility is ongoing; and

WHEREAS, representatives of Company have filed or caused to be filed an application with the Town of Babylon Industrial Development Agency (the "Agency") concerning a project (the "New Project") consisting of the acquisition, renovation and equipping of an approximately 28,740 square foot building on that certain approximately 1.44 acre lot, piece or parcel of land generally known as and located at 590 Smith Street in Farmingdale, New York (the "New Facility" and collectively with the Existing Facility, the "Facility") to be undertaken by the Company or any other real estate holding entity formed by the principals of the Company, all for use by the Company, as office, manufacturing, warehouse and distribution space in its business of manufacture and distribution of musical instrument accessories; and

WHEREAS, in connection with said application representatives of the Company have indicated that the Company currently employs approximately 700 full time equivalent employees in the Town of Babylon (the "Town") and that in connection with the New Project that the Company will relocate to the Facility its Pro Mark Drum Sticks and Renaissance Wire divisions thereby increasing employment in the Town by approximately 40 new full time employees (the "Retention Project"); and

WHEREAS, that the Company is one of the largest manufacturer of musical instrument accessories in the world, distributes its products to more than 120 countries, maintains manufacturing facilities in California, Texas, Tennessee, Connecticut, Argentina and France and has received relocation offers from multiple jurisdictions and has considered relocating or

expanding its facilities in locations outside of the Town in order to reduce costs of operations; and

WHEREAS, based on the Agency's review of the application, the New Project will result in the retention and growth of a substantial number of permanent full time jobs within the Town over the next several years; and

WHEREAS, based on the Agency's review of the application and the existing operations of the Company at the Existing Facility, the provision of additional financial assistance by the Agency with respect to the Existing Facility, will result in the retention and growth of a substantial number of permanent full time jobs within the Town over the next years; and

WHEREAS, in order to induce the Company relocate the Pro Mark Drum Stick division and the Renaissance Wire division to the Town and in order to retain and grow additional jobs in the Town, it appears necessary for the Agency to assist the Company by (i) taking legal title to or undertaking control of the New Facility so as to afford the Company of certain relief from real property taxation, sales and use taxation and mortgage recording taxation and with respect to the New Facility and (ii) providing the Company additional relief from real property taxation and state and use taxation with respect to the Existing Facility; and

WHEREAS, it is contemplated that the Company or the current owner of the New Facility will cause the transfer pursuant to a deed of the New Facility to the Agency and the Agency will assist the Company to undertake the New Project and will Lease the New Facility to the Company pursuant to a Lease Agreement (the "Lease Agreement"), by and between the Company and the Agency pursuant to which the Company agrees, among other things, to make lease payments in such amounts as specified in the 590 Lease Agreement; and

WHEREAS, pursuant to the 590 Lease Agreement the Company has agreed to make certain payments in lieu of real property taxes with respect to the New Facility to the Agency; and

WHEREAS, pursuant to a First Amendment to Lease Agreement between the Agency and the Company, a First Amendment to Overlease Agreement between Minmilt and the Agency and the First Amendment to Company Lease Agreement between the Company and the Agency (collectively, the "First Amendment") the Agency will provide additional financial assistance in the form of additional real property tax abatements and sales and use tax abatements to the Company and Minmilt with respect to the 540 Smith Street Facility; and

WHEREAS, pursuant to an Amended and Restated Lease Agreement between the Agency and the Owner, (the "Amended and Restated Lease"), the Agency will provide additional financial assistance in the form of additional real property tax abatements and sales and use tax abatements to the Owner and the Company with respect to the 595 Smith Street Facility and the Owner will sublease the 595 Smith Street Facility pursuant to a Sublease Agreement (the "595 Sublease Agreement"), by and between the Owner and the Company pursuant to which the Company will agree, among other things, to make sublease payments in such amount as specified in the 595 Sublease Agreement which will equal all amounts due to the Agency under the 595 Lease Agreement; and

WHEREAS, it is desired that the Agency authorize the granting of certain financial assistance to the Owner, the Company and the Minmilt in connection with the New Project and the Retention Project (collectively, the “Project”) including exemption from real property taxes and sales and use taxes.

NOW, THEREFORE, BE IT DETERMINED, APPROVED AND RESOLVED by the members of the Agency as follows:

Section 1. (a) The Agency hereby finds and determines that (i) the Project constitutes a “Project” within the meaning of the Industrial Development Agency Act Article 18-A of the General Municipal Law of the State of New York (the “Act”); and (ii) the granting of real property tax abatements and sales and use tax abatements (collectively the “Financial Assistance”) by the Agency with respect to the Facility pursuant to the Act, will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of the Town of Babylon, New York and the State of New York and improve their standard of living, and thereby serve the public purposes of the Act.

(b) It is desirable and in the public interest for the Agency to grant Financial Assistance to the Owner, the Company and Minmilt with respect to the Project.

(c) The Agency shall grant Financial Assistance in the form of state and local sales and use tax abatements and in the event of the occurrence of a recapture event under the Lease Agreement the Agency will pursue recapture of Financial Assistance as provided in the Lease Agreement.

Section 2. To accomplish the purposes of the Act, the Agency shall take legal title to the New Facility, assist the Company to undertake the New Project and lease the New Facility to the Company pursuant to the 590 Lease Agreement.

Section 3. To accomplish the purposes of the Act, the Agency shall enter into the Amended and Restated Lease Agreement and continue to Lease the 595 Smith Street Facility to the Owner and the Owner will sublease the 595 Smith Street Facility to the Company pursuant to the 595 Sublease Agreement.

Section 4. To accomplish the purposes of the Act, the Agency shall enter into the First Amendment and continue to Lease the 540 Smith Street Facility to the Company.

Section 5. Pursuant to the 590 Lease Agreement, 590 Sublease Agreement, the Amended and Restated Lease and the First Amendment, the Owner or the Company on behalf of the Owner shall make certain payments in lieu of real property taxes (“Pilots”) which would be otherwise due and payable with respect to the Facility.

Section 6. In order to provide the Owner and the Company with financial assistance with respect to exemptions from New York State and local Sales and Use Taxes with respect to the Project the Agency shall issue to the Owner and the Company its Sales Tax Letters (collectively the “Sales Tax Letter”) which shall be used pursuant to the terms contained therein, in the Lease Agreement, the Amended and Restated Lease Agreement, and the First Amendment respectively.

Section 7. The form and substance of the 590 Lease Agreement in substantially the form previously approved by the Agency for other “straight lease” transactions is hereby approved.

Section 8. The form and substance of the 590 Sublease Agreement in substantially the form previously executed for other “straight lease” transactions is hereby approved.

Section 9. The form and substance of the Amended and Restated Lease Agreement in substantially the form of lease agreements previously approved by the Agency for other “straight lease” transactions is hereby approved.

Section 10. The form and substance of the First Amendment in form reasonably acceptable to the Chief Executive Officer of the Agency and Counsel to the Agency is hereby approved.

Section 11. Robert Stricoff, as CEO or any successor CEO or any other Authorized Representative, is hereby authorized, on behalf of the Agency, to execute and deliver final forms of the 590 Lease Agreement, the Amended and Restated Lease Agreement, the First Amendment, the Sales Tax Letter, and any other agreements or certificates consistent herewith (hereinafter collectively called the “Agency Documents”), all in substantially the forms previously executed by the Agency for other “straight lease” transactions acceptable to Agency Counsel, with such changes, variations, omissions and insertions in the Agency Documents as the CEO or any other Authorized Representative of the Agency shall upon advice of counsel approve. The execution thereof by the CEO shall constitute conclusive evidence of such approval.

The CEO or any other Authorized Representatives are further hereby authorized, on behalf of the Agency, to designate any additional authorized representatives including the Chairman, the Secretary or Assistant Secretary of the Agency, to execute any Agency Documents or certificates of the Agency authorized pursuant to this Resolution and determine the terms of the Agency Documents.

The Secretary, Assistant Secretary or Counsel to the Agency is hereby authorized to attest to the CEO’s or any other Authorized Representative’s signature on the foregoing documents and to impress or affix the seal or facsimile seal of the Agency thereto.

Section 12. The CEO, the Chief Financial Officer (“CFO”) of the Agency, the Chairman or the Secretary and any member of the Agency (as used in this resolution, the “Authorized Representatives”) are hereby designated the authorized representatives of the Agency and each of them is hereby authorized and directed to cause the transactions as described in the Lease Agreement, the 595 Sublease Agreement, the Amended and Restated Lease Agreement, and the First Amendment to be undertaken and in relation thereto, to execute and deliver any and all papers, instruments, agreements, 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, and the Agency Documents including such changes or revisions in the forms of such documents as may be requested by counsel to the Agency.

Section 13. 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, agreements 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 14. All covenants, stipulations, obligations and agreements of the Agency contained in this resolution, and the Agency 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 members thereof by the provisions of this resolution, and the Agency Documents shall be exercised or performed by the Agency or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

Section 15. No covenant, stipulation, obligation or agreement contained in this resolution, or the Agency Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Agency or the Town of Babylon in his or their individual capacity and neither the members of the Agency nor any officer shall be liable personally on the Agency Documents or be subject to any personal liability or accountability by reason of the execution thereof.

Section 16. The law firm Winston & Strawn LLP is hereby appointed transaction counsel to the Agency for this transaction.

Section 17. Notwithstanding the foregoing, the Agency will not grant any Financial Assistance (as such term is defined in the Act) in excess of \$100,000 to either of the Sublessee or the Lessee until the Agency has held a public hearing with respect to the Project in accordance with the provisions of the Act.

Section 18. This resolution shall take effect immediately.

The question of the adoption of the foregoing resolution was duly put to a vote on roll call, which resulted as follows:

The resolution was thereupon declared duly adopted.

Adopted: December 3, 2013

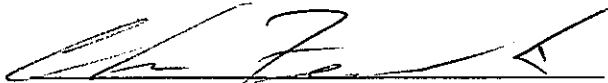
STATE OF NEW YORK)
) ss.:
COUNTY OF SUFFOLK)

I, Chris Ferencsik, the duly elected, qualified Secretary of the Town of Babylon Industrial Development Agency (the "Agency"), hereby certify that:

1. The foregoing is a true, correct and complete copy of the record of proceedings of the Agency had and taken at a lawful meeting of the Agency held at the Law Office of John Braslow, 816 Deer Park Avenue, North Babylon, New York on December 3, 2013, commencing at the hour of 12:00 P.M., as recorded in the regular official book, of the proceedings of the Agency, those proceedings were duly had and taken as shown therein.

2. All members of the Agency and the public were duly notified of that meeting pursuant to law.

IN WITNESS WHEREOF, I have signed this certificate and affixed the seal of the Agency the 3rd day of December, 2013.


Secretary

(SEAL)