

RESOLUTION GRANTING APPROVAL OF AND AUTHORIZING THE GRANT OF CERTAIN FINANCIAL ASSISTANCE BY THE TOWN OF BABYLON INDUSTRIAL DEVELOPMENT AGENCY TO S.W. ANDERSON SALES CORPORATION AND ZIGGY PROPERTIES, LLC IN CONNECTION WITH THE RECONSTRUCTION, RENOVATION AND EQUIPPING OF WAREHOUSE AND DISTRIBUTION FACILITIES IN THE TOWN OF BABYLON

WHEREAS, the Town of Babylon Industrial Development Agency (the "Agency") is authorized under the laws of the State of New York, and in particular under the provisions of the New York State Industrial Development Agency Act and the Agency's enabling legislation, respectively constituting Article 18-A and Section 907-a of the General Municipal Law (Chapter 24 of the Consolidated Laws of New York), as amended (the "Act"), to assist in providing for manufacturing, warehousing, research, civic, commercial and industrial facilities in the Town of Babylon; and

WHEREAS, representatives of S.W. Anderson Sales Corporation ("S.W. Anderson"), a New York corporation and Ziggy Properties, LLC ("Ziggy Properties") a New York limited liability company, have supplied information to the Town of Babylon Industrial Development Agency (the "Agency") with respect to (i) a project (the "14 Jefryn Blvd. West Project") consisting of the reconstruction, renovation and equipping of an approximately 81,250 square foot building on that certain lot, piece or parcel of land generally known as and located at 14 Jefryn Blvd. West in Deer Park, New York (the "14 Jefryn Blvd. West Facility") in the Town of Babylon, New York (the "Town") and (ii) a project (the "63 Daniel Street Project" and collectively the 14 Jefryn Blvd. West Project, the "Project") consisting of the renovation and equipping of an approximately 40,000 square foot building on that certain lot, piece or parcel of land generally known as and located at 63 Daniel Street in Farmingdale, New York (the "63 Daniel Street Facility" and collectively with the 14 Jefryn Blvd. West Facility, the "Facility") in the Town, each for use by S.W. Anderson as office, warehouse and distribution facilities in its business of wholesale distribution of heating, air conditioning, refrigeration and insulation supplies; and

WHEREAS, representatives of Ziggy Properties and S.W. Anderson have indicated that the Project will result in the retention and growth of a significant number of permanent full time jobs within the Town; and

WHEREAS, in order to induce Ziggy Properties and S.W. Anderson to proceed with such facilities within the Town it appears necessary for the Agency to assist Ziggy Properties and S.W. Anderson by taking leasehold title to the 14 Jefryn Blvd. West Facility and the 63 Daniel Street Facility so as to afford S.W. Anderson and Ziggy Properties certain relief from mortgage recording taxation, relief from real property taxation and relief from sales and use taxation for a limited period; and

WHEREAS, it is contemplated that Ziggy Properties will lease the 14 Jefryn Blvd. West Facility to the Agency pursuant to a Company Lease Agreement (the "14 Jefryn Blvd. West Company Lease") and the Agency will assist Ziggy Properties and S.W. Anderson to undertake the 14 Jefryn Blvd. West Project and will further sublease the 14 Jefryn Blvd. West Facility to Ziggy Properties pursuant to a Lease Agreement (the "14 Jefryn Blvd. West Lease Agreement"),

by and between Ziggy Properties and the Agency pursuant to which Ziggy Properties agrees, among other things, to make lease payments in such amounts as specified in the 14 Jefryn Blvd. West Lease Agreement; and

WHEREAS, it is intended that Ziggy Properties will sublease the 14 Jefryn Blvd. West Facility to S.W. Anderson pursuant to a Sublease Agreement (the "Sublease Agreement"), by and between Ziggy Properties and S.W. Anderson pursuant to which S.W. Anderson agrees, among other things, to make sublease payments in such amounts as specified in the Sublease Agreement which shall equal all amounts due to the Agency under the 14 Jefryn Blvd. West Lease Agreement; and

WHEREAS, pursuant to the 14 Jefryn Blvd. West Lease Agreement and the Sublease Agreement, Ziggy Properties and S.W. Anderson have agreed to make certain payments in lieu of real property taxes with respect to the 14 Jefryn Blvd. West Facility to the Agency; and

WHEREAS, it is contemplated that S.W. Anderson will lease the 63 Daniel Street Facility to the Agency pursuant to a Company Lease Agreement (the "63 Daniel Street Company Lease") and the Agency will assist S.W. Anderson to undertake the 63 Daniel Street Project and will further sublease the Facility to S.W. Anderson pursuant to a Lease Agreement (the "63 Daniel Street Lease Agreement"), by and between S.W. Anderson and the Agency pursuant to which S.W. Anderson agrees, among other things, to make lease payments in such amounts as specified in the 63 Daniel Street Lease Agreement; and

WHEREAS, pursuant to the 63 Daniel Street Lease Agreement, S.W. Anderson has agreed to make certain payments in lieu of real property taxes with respect to the 63 Daniel Street Facility to the Agency; and

WHEREAS, it is desired that the Agency authorize the granting of certain financial assistance to Ziggy Properties and S.W. Anderson in connection with the Project including exemption from mortgage recording taxes, 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 mortgage recording tax abatements, 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 S.W. Anderson and Ziggy Properties 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 14 Jefryn Blvd. West Lease Agreement or the 63 Daniel Street Lease Agreement (collectively the "Lease Agreements"), the Agency will pursue recapture of Financial Assistance as provided in the Lease Agreements.

Section 2. To accomplish the purposes of the Act, the Agency shall take leasehold title to the 14 Jefryn Blvd. West Facility and the 63 Daniel Street Facility, assist Ziggy Properties and S.W. Anderson to undertake the Project, lease the 14 Jefryn Blvd. West Facility to Ziggy Properties pursuant to the 14 Jefryn Blvd. West Lease Agreement and lease the 63 Daniel Street Facility to S.W. Anderson pursuant to the 63 Daniel Street Lease Agreement and Ziggy Properties shall sublease the 14 Jefryn Blvd. West Facility to S.W. Anderson pursuant to the Sublease Agreement.

Section 3. Pursuant to the Lease Agreements and Sublease Agreement, Ziggy Properties and S.W. Anderson shall make certain payments in lieu of real property taxes ("Pilots") which would be otherwise due and payable with respect to the Facility.

Section 4. In order to provide Ziggy Properties and S.W. Anderson with financial assistance with respect to exemption from New York State and local Sales and Use Taxes with respect to the Project the Agency may issue to Ziggy Properties's agents and S.W. Anderson's agents its Sales Tax Agent Authorization Letter (the "Sales Tax Letter") which shall be used pursuant to the terms contained therein and in the Lease Agreement.

Section 5. In order to secure amounts to be loaned by TD Bank, N.A. (and/or any other mortgage lender acceptable to the Chief Executive Officer, including any Acting Chief Executive Officer (the "CEO") of the Agency) to Ziggy Properties, the Agency hereby authorizes the execution of one or more mortgages and assignments of leases and rents (collectively, the "Mortgage") granted at the initial closing of the transaction or any time thereafter during the term of the 14 Jefryn Blvd. West Lease Agreement, from the Agency and Ziggy Properties to TD Bank, N.A. (or any other mortgage lender acceptable to the CEO of the Agency) in form acceptable to the CEO of the Agency and Counsel to the Agency.

Section 6. The form and substance of the 14 Jefryn Blvd. West Company Lease and the 63 Daniel Street Company Lease (collectively the "Company Leases") are hereby approved.

Section 7. The form and substance of the Lease Agreements 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 Sublease Agreement in substantially the form previously executed for other "straight lease" transactions is hereby approved.

Section 9. Matthew McDonough, as Acting Chief Executive Officer 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 Company Leases, the Lease Agreements, the Sales Tax Agent Authorization Letters, the Mortgage 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 10. 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 Company Leases, the Lease Agreements, the Mortgage and the Sublease Agreement 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 11. 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 12. 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 13. 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 14. The law firm Winston & Strawn LLP is hereby appointed transaction counsel to the Agency for this transaction.

Section 15. 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 S.W. Anderson or Ziggy Properties until the Agency has held a public hearing with respect to the Project in accordance with the provisions of the Act.

Section 16. 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: November 12, 2014

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 November 12, 2014, commencing at the hour of 7:00 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 12th day of November, 2014.


Secretary

(SEAL)