



BABYLON INDUSTRIAL DEVELOPMENT AGENCY

MATTHEW T MCDONOUGH
CHIEF EXECUTIVE OFFICER

FORM APPLICATION FOR FINANCIAL ASSISTANCE

DATE: February 8, 2017

APPLICATION OF: NAPCO SECURITY TECHNOLOGIES, INC.
Company Name of Beneficial User of Proposed Project
(Not Realty or Special Purpose Entity (SPE) created for liability)

CURRENT ADDRESS: 333 Bayview Avenue
Amityville, New York 11701

ADDRESS OF PROPERTY
TO RECEIVE BENEFITS: same as above

Tax Map # District 101 Section 4 Block 2 Lot (s) 12

INDEX

PART I USER DATA AND OWNER (IF DIFFERENT)

PART II OPERATION AT CURRENT LOCATION

PART III PROJECT DATA

PART IV PROJECT COSTS AND FINANCING

PART V PROJECT BENEFITS

PART VI EMPLOYMENT DATA

PART VII REPRESENTATIONS, CERTIFICATIONS AND INDEMNIFICATION

PART VIII SUBMISSION OF MATERIALS

EXHIBIT A Proposed PILOT Schedule
SCHEDULE A Agency's Fee Schedule
SCHEDULE B Recapture Policy*

Part I: User (Applicant) & Owner Data (if different)**1. User Data (Applicant):**A. User: NAPCO SECURITY TECHNOLOGIES, INC.Address: 333 Bayview AvenueAmityville, New York 11701Federal Employer ID #: [REDACTED] Website: www.napcosecurity.comNAICS Code: 335999

(The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy
www.census.gov/eos/www/naics.)

Name of User Officer Certifying Application: [REDACTED]Title of Officer: [REDACTED]Phone Number: [REDACTED]E-mail: [REDACTED]

B. Business Type:

Sole Proprietorship Partnership Privately Held Public Corporation Listed on NASDAQ - symbol NSSCState of Incorporation/Formation: Delaware

C. Nature of Business:

(e.g., "manufacturer of _____ for _____ industry"; "distributor of _____")

Manufacturer of security devices for the door locking and alarm industries

D. User Counsel:

Firm Name: Forchelli, Curto, Deegan, Schwartz, Mineo & Terrana, LLPAddress: The Omni, 333 Earle Ovington Blvd. Suite 1010Uniondale, New York 11552Individual Attorney: Daniel P. Deegan, Esq.Phone Number: 516-248-1700E-mail: ddeegan@forchellilaw.com

E. Principal Stockholders, Members or Partners, if any, of the User (5% or more equity):

Name	Percent Owned
Richard Soloway	33.2%
Alexander Capital Advisors LLC	9.8%

F. Has the User, or any subsidiary or affiliate of the User, or any stockholder, partner, member, officer, director or other entity with which any of these individuals is or has been associated with:

- i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (if yes, please explain)

No

- ii. been convicted of a felony, or misdemeanor, or criminal offense (other than a motor vehicle violation)? (if yes, please explain)

No

G. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the User, list all other organizations which are related to the User by virtue of such persons having more than a 50% interest in such organizations.

N/A

H. Is the User related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

Napco has 9 wholly-owned subsidiaries, 4 of which are located in the Carribean.

I. List parent corporation, sister corporations and subsidiaries:

See attached

J. Has the User (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town or village, or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

Yes. The building at this location was financed through the Town of Babylon IDA in
April of 1985.

K. List major bank references of the User:

HSBC Bank USA, 534 Broadhollow Road, Melville, New York 11747
Phil Panarelli 631-752-4368

2. Owner Data N/A

*** (for co-applicants for assistance or where a landlord/tenant relationship will exist between the owner and the user) ***

A. Owner (together with the User, the "Applicant"): _____

Address: _____

Federal Employer ID #: _____ Website: _____

NAICS Code: _____

Name of Owner Officer Certifying Application: _____

Title of Officer: _____

Phone Number: _____ E-mail: _____

B. Business Type:

Sole Proprietorship Partnership Privately Held

Public Corporation Listed on _____

State of Incorporation/Formation: _____

C. Nature of Business:

(e.g., "manufacturer of _____ for _____ industry"; "distributor of _____"; or "real estate holding company")

D. Are the User and the Owner Related Entities? Yes No

i. If yes, the remainder of the questions in this Part I, Section 2 (with the exception of "F" below) need not be answered if answered for the Owner.

ii. If no, please complete all questions below.

E. Owner's Counsel:

Firm Name: _____

Address: _____

Individual Attorney: _____

Phone Number: _____ E-mail: _____

F. Principal Stockholders or Partners, if any (5% or more equity):

Name	Percent Owned
_____	_____
_____	_____
_____	_____

G. Has the Owner, or any subsidiary or affiliate of the Owner, or any stockholder, partner, officer, director or other entity with which any of these individuals is or has been associated with:

i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (if yes, please explain)

ii. been convicted of a felony or criminal offense (other than a motor vehicle violation)? (if yes, please explain)

H. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the Owner, list all other organizations which are related to the Owner by virtue of such persons having more than a 50% interest in such organizations.

I. Is the Owner related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

J. List parent corporation, sister corporations and subsidiaries:

K. Has the Owner (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town or village, or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

L. List major bank references of the Owner:

17

Part II – Operation at Current Location

1. Current Location Address: 333 Bayview Avenue, Amityville, New York 11701

2. Owned or Leased: owned

3. Describe your present location (acreage, square footage, number of buildings, number of floors, etc.):
Single story building of 89,309 square feet on 6.1944 acres.

4. Type of operation (manufacturing, wholesale, distribution, retail, etc.) and products and/or services:
Manufacturing of alarm, door locking and access control security equipment

5. Are other facilities or related companies of the Applicant located within the State?
Yes No

A. If yes, list the Address: Five (5) wholly-owned subsidiaries are located at the same address

6. If yes to above ("5"), will the completion of the project result in the removal of such facility or facilities from one area of the state to another OR in the abandonment of such facility or facilities located within the State? Yes No

A. If no, explain how current facilities will be utilized: Proposed project would expand
current capacity by approximately 10-15%

B. If yes, please indicate whether the project is reasonably necessary for the Applicant to maintain its competitive position in its industry or remain in the State and explain in full:

7. Has the Applicant actively considered sites in another state? Yes No

A. If yes, please list states considered and explain: The Applicant has been contacted by several economic development facilities in other U.S. States. In addition, the Applicant is considering expansion of its existing facility in the Dominican Republic.

8. Is the requested financial assistance reasonably necessary to prevent the Applicant from moving out of New York State? Yes No

A. Please explain: The cost structure in New York is not competitive with that of other U.S. States and in the Dominican Republic

9. Number of full-time employees at current location and average salary: _____

199 = \$76,200 plus 27 out of state sales people average \$76,600.

(Remainder of Page Intentionally Left Blank)

Part III – Project Data

1. Project Type:

A. What type of transaction are you seeking?: (Check one)

- Straight Lease Taxable Bonds Tax-Exempt Bonds
- Equipment Only Straight Lease

B. Type of benefit(s) the Applicant is seeking: (Check all that apply)

- Sales Tax Exemption Mortgage Recording Tax Exemption
- Real Property Tax Abatement:

2. Location of project:

A. Street Address: 333 Bayview Avenue, Amityville, New York 11701

B. Tax Map: District 101 Section 4 Block 2 Lot(s) 12

C. Municipal Jurisdiction:

- i. Village: Village of Amityville
- ii. School District: 472005 (Amityville Union Free School District)
- iii. Library: _____

D. Acreage: 6.1944

3. Project Components (check all appropriate categories):

- A. Construction of a new building Yes No
 - i. Square footage: _____
- B. Renovations of an existing building Yes No
 - i. Square footage: 1,500
- C. Demolition of an existing building Yes No
 - i. Square footage: _____
- D. Land to be cleared or disturbed Yes No
 - i. Square footage/acreage: _____
- E. Construction of addition to an existing building Yes No
 - i. Square footage of addition: 7,000
 - ii. Total square footage upon completion: 96,309
- F. Acquisition of an existing building Yes No
 - i. Square footage of existing building: _____

G. Installation of machinery and/or Equipment Yes No

i. List principal items or categories of equipment to be acquired: Warehouse racks, bay doors and levelers, forklifts

4. Current Use at Proposed Location:

A. Does the Applicant currently hold fee title to the proposed location?

i. If no, please list the present owner of the site: Yes

B. Present use of the proposed location: Expansion of warehousing and manufacturing capacity

C. Is the proposed location currently subject to an IDA transaction (whether through this Agency or another?) Yes No

i. If yes, explain: _____

D. Is there a purchase contract for the site? (if yes, attach): Yes No

E. Is there an existing or proposed lease for the site? (if yes, attach): Yes No

5. Proposed Use:

A. Describe the specific operations of the Applicant or other users to be conducted at the project site: Design, engineering, production, warehousing and corporate offices.

B. Proposed product lines and market demands: Expansion of existing alarm, door locking and access control equipment lines.

C. If any space is to be leased to third parties, indicate the tenant(s), total square footage of the project to be leased to each tenant, and the proposed use by each tenant:

N/A

D. Need/purpose for project (e.g., why is it necessary, effect on Applicant's business):

The facility at 333 Bayview Avenue, Amityville, New York is at capacity. For us to
operate efficiently we need additional space/capacity at our New York or
Dominican Republic facility to handle increased sales and production levels.

E. Will any portion of the project be used for the making of retail sales to customers who personally visit the project location? Yes No

i. If yes, what percentage of the project location will be utilized in connection with the sale of retail goods and/or services to customers who personally visit the project location? _____

6. Project Work:

A. Has construction work on this project begun? If yes, complete the following: No

- i. Site Clearance: Yes No % Complete _____
- ii. Foundation: Yes No % Complete _____
- iii. Footings: Yes No % Complete _____
- iv. Steel: Yes No % Complete _____
- v. Masonry: Yes No % Complete _____
- vi. Other: _____

B. What is the current zoning? _____

C. Will the project meet zoning requirements at the proposed location?

Yes No

D. If a variance or change of zoning is required, please provide the details/status of the variance or change of zone request: N/A

E. Have site plans been submitted to the appropriate planning department? Yes No

7. Project Completion Schedule:

A. What is the proposed commencement date for the acquisition and the construction/renovation/equipping of the project?

i. Acquisition: N/A

ii. Construction/Renovation/Equipping: April, 2017

B. Provide an accurate estimate of the time schedule to complete the project and when the first use of the project is expected to occur: _____

Initial work of additional bay doors should be completed approximately July, 2017

Remaining work of building expansion and additional mezzanine to the existing building

should commence in 6/17 and be completed by 9/1/17, weather allowing.

(Remainder of Page Intentionally Left Blank)

Part IV – Project Costs and Financing

1. Project Costs:

A. Give an accurate estimate of cost necessary for the acquisition, construction, renovation, improvement and/or equipping of the project location:

<u>Description</u>	<u>Amount</u>
Land and/or building acquisition	\$ _____
Building(s) demolition/construction	\$ 700,000
Building renovation	\$ 100,000
Site Work	\$ _____
Machinery and Equipment	\$ 200,000
Legal Fees	\$ 50,000
Architectural/Engineering Fees	\$ 10,000
Financial Charges	\$ _____
Other (Specify)	\$ _____
Total	\$ 1,060,000

2. Method of Financing:

	<u>Amount</u>	<u>Term</u>
A. Tax-exempt bond financing:	\$ _____	_____ years
B. Taxable bond financing:	\$ _____	_____ years
C. Conventional Mortgage:	\$ _____	_____ years
D. SBA (504) or other governmental financing:	\$ _____	_____ years
E. Public Sources (include sum of all State and federal grants and tax credits):	\$ _____	
F. Other loans:	\$ _____	_____ years
G. Owner/User equity contribution:	\$ 1,060,000	_____ years

Total Project Costs \$ 1,060,000

i. What percentage of the project costs will be financed from public sector sources?

0%

3. **Project Financing: (**Complete only if Bond Financing is being utilized**)**

A. Have any of the above costs been paid or incurred (including contracts of sale or purchase orders) as of the date of this application? Yes No

i. If yes, provide detail on a separate sheet.

B. Are costs of working capital, moving expenses, work in progress, or stock in trade included in the proposed uses of bond proceeds? Give details:

C. Will any of the funds borrowed through Agency Bonds be used to repay or refinance an existing mortgage or outstanding loan? Give details:

D. Has the Applicant made any arrangements for the marketing or the purchase of the bond or bonds? If so, indicate with whom:

(Remainder of Page Intentionally Left Blank)

Part V – Project Benefits**1. Mortgage Recording Tax Benefit:**

- A. Mortgage Amount for exemption (include sum total of construction/permanent/bridge financing):

\$ -0-

- B. Estimated Mortgage Recording Tax Exemption (product of Mortgage Amount and current Mortgage Recording Tax Rate):

\$ -0-

2. Sales and Use Tax Benefit:

- A. Gross amount of costs for goods and services that are subject to State and local Sales and Use Tax (such amount to benefit from the Agency's exemption):

\$ 1,000,000

- B. Estimated State and local Sales and Use Tax exemption (product of current State and Local Sales and Use Tax Rate and figure above):

\$ 86,250

- C. If your project has a landlord/tenant (owner/user) arrangement, please provide a breakdown of the number in "B" above:

i. Owner: \$ _____

ii. User: \$ _____

3. Real Property Tax Benefit:

- A. Identify and describe if the project will utilize a real property tax exemption benefit other than the Agency's PILOT benefit:

N/A

- B. Agency PILOT Benefit:

i. Term of PILOT requested: 15 years

- ii. Upon acceptance of this application, the Agency staff will create a PILOT schedule and indicate the estimated amount of PILOT Benefit based on anticipated tax rates and assessed valuation and attached such information to Exhibit A hereto. At such time, the Applicant will certify that it accepts the proposed PILOT schedule and requests such benefit to be granted by the Agency.

**** This application will not be deemed complete and final until Exhibit A hereto has been completed and executed.****

Part VI – Employment Data

1. List the Applicant’s and each users present employment, and estimates of (i) employment at the proposed project location at the end of year one and year two following project completion and (ii) the number of residents of the Labor Market Area* (“LMA”) that would fill the full-time and part-time jobs at the end of year second year following completion:

	<u>Present</u>	<u>First Year</u>	<u>Second Year</u>	<u>Residents of LMA</u>
Full-Time	<u>199</u>	<u>205</u>	<u>210</u>	<u>199/205/210</u>
Part-Time**	<u> </u>	<u> </u>	<u> </u>	<u> </u>

* The Labor Market Area includes the Town of Babylon, Nassau and Suffolk Counties.

Full-Time Employee shall mean, with respect to an Annual Period, an individual on the payroll of, receiving customary benefits from, and directly employed during such Annual Period by, any Company Group Entity (and excluding any individuals employed by temporary employment or similar agencies) and each of whom works within the Town for any Company Group Entity during such Annual Period on a “full-time basis” (i.e., working at least a 35-hour week, subject to customary vacation, holiday and sick leave).

****Agency converts Part-time staff to Full-Time Equivalent Employee** as follows, with respect to an Annual Period, two (2) individuals on the payroll of, receiving customary benefits from, and directly employed during such Annual Period by, any Company Group Entity (and excluding any individuals employed by temporary employment or similar agencies) and each of whom works within the Town for any Company Group Entity during such Annual Period on a “part-time basis” (i.e., working at least a 20-hour week, subject to customary vacation, holiday and sick leave).

2. **Salary and Fringe Benefits:** (over 1st 2 years)

Category of Jobs to be Retained and Created	Number of Employees	Average Salary or Range of Salary	Average Fringe Benefits or Range of Fringe Benefits
Management			
Professional	4	70,000-80,000	20,000
Administrative			
Production	7	25,000-35,000	10,000
Supervisor			
Laborer			
Other			

Note: The Agency reserves the right to visit the facility to confirm that job creation numbers are being met.

3. Annualized salary range of jobs to be created in the first two years (see question #1).

FROM \$ 450,000 TO \$ 500,000

4. List the number of *Construction jobs (if applicable) to be created by the Applicants Project.

	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>
* Full-Time	<u>TBD</u>	<u> </u>	<u> </u>
** Part-Time	<u>TBD</u>	<u> </u>	<u> </u>

*Construction jobs are defined as full-time equivalents (FTE), or 2,080-hour units of labor (one construction period job equates to one full-time job for 1 year).

**A part-time or temporary job may be considered one job by other models, but would constitute only a fraction of a job. For example, if a laborer or craftsman worked only 3 months on a construction or renovation project (assuming no overtime), that would be considered one-quarter of a job.

(Remainder of Page Intentionally Left Blank)

Part VII – Representations, Certifications and Indemnification

1. Is the Applicant in any litigation which would have a material adverse effect on the Applicant's financial condition? (if yes, furnish details on a separate sheet)

Yes No

2. Has the Applicant or any of the management of the Applicant, the anticipated users or any of their affiliates, or any other concern with which such management has been connected, been cited for a violation of federal, state or local laws or regulations with respect to:

- a. Labor practices,

(with respect to workers and/or their working conditions and/or their wages, including but not limited to pending or threatened labor strikes, hand billing, consumer boycotts, mass demonstrations or other similar incidents; unfair labor practices complaints; incurred, or potentially incurred, liability including withdrawal liability with respect to an employee benefit plan, including a pension plan; any complaints, claims, proceedings or litigation arising from alleged discrimination in the hiring, firing, promoting, compensating or general treatment of employees. Please consider "discrimination" to include sexual harassment.)

Yes No (If yes, furnish details on a separate sheet)

- b. hazardous wastes, environmental pollution,

Yes No (If yes, furnish details on a separate sheet)

- c. other operating practices

Yes No (If yes, furnish details on a separate sheet)

3. Is there a likelihood that the Applicant would not proceed with this project without the Agency's assistance? (If yes, please explain why; if no, please explain why the Agency should grant the benefits requested)

Yes No

We own a second facility in the Dominican Republic that can be expanded to serve the same functionality as the proposed Amityville expansion at a lower cost.

4. If the Applicant is unable to obtain financial assistance from the Agency for the project, what would be the impact on the Applicant and on the municipality?

Given the significantly higher cost to proceed with the Project in Amityville, the Applicant would likely expand in the Dominican Republic. The municipality would not gain the jobs for our operation or for the construction of the building expansion.

- 5. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if financial assistance is provided for the proposed project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

Initial KS

- 6. The Applicant understands and agrees that in accordance with Section 858-b(2) of the General Municipal Law, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the project will be listed with the New York State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Job Training Partnership Act (PL 97-300) in which the project is located (collectively, the "Referral Agencies"). The Applicant also agrees, that it will, except as otherwise provided by collective bargaining contracts or agreements to which they are parties, first consider for such new employment opportunities persons eligible to participate in federal job training partnership programs who shall be referred by the Referral Agencies

Initial F

- 7. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving financial assistance for the proposed project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.

Initial F

- 8. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any financial assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.

Initial KG

- 9. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.

Initial KA

10. In accordance with Section 862(1) of the New York General Municipal Law the Applicant understands and agrees that projects which result in the removal of an industrial or manufacturing plant of the project occupant from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the project occupant within the State is ineligible for financial assistance from the Agency, unless otherwise approved by the Agency as reasonably necessary to preserve the competitive position of the project in its respective industry or to discourage the project occupant from removing such other plant or facility to a location outside the State.

Initial KA

11. The Applicant represents and warrants that to the Applicant's knowledge neither it nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents is, nor will they become a person or entity with who United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (OFAC) of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List or under any statute, executive order including the September 24, 2001, Executive Order Block Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, or other governmental action and is not and will not assign or otherwise transfer this Agreement to, contract with or otherwise engage in any dealings or transactions or be otherwise associated with such persons or entities.

Initial KA

Initial after receipt and acceptance of Schedule A and Schedule B

12. The Applicant confirms and hereby acknowledges it has received the Agency's fee schedule attached hereto as Schedule A and agrees to pay such fees, together with any expenses incurred by the Agency, including those of Transaction Counsel, with respect to the Facility. The Applicant agrees to pay such expenses and further agrees 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 project.

Initial KA

13. The Applicant hereby agrees to comply with Section 875 of the General Municipal Law. The Company further agrees that the financial assistance granted to the project by the Agency is subject to recapture pursuant to Section 875 of the Act and the Agency's Recapture Policy, attached hereto as Schedule B.

Initial KA

Part VIII – Submission of Materials

Please send under separate cover all information directly to Agency Counsel:

M. Cornelia Cahill, Esq.
 Barclay Damon, LLP
 80 State Street
 Albany, New York 12207

1. Financial statements for the last two fiscal years (unless included in the Applicant's annual report).
2. Applicant's annual reports (or 10-K's if publicly held) for the two most recent fiscal years.
3. Quarterly reports (form 10-Q's) and current reports (form 8-K's) since the most recent annual report, if any.
4. In addition, please attach the financial information described in items A, B, and C of any expected guarantor of the proposed bond issue.
5. Completed Long Environmental Assessment Form.
6. Most recent quarterly filing of NYS Department of Labor Form 45, as well as the most recent fourth quarter filing. Please remove or redact any employee Social Security numbers and note the full-time equivalency for part-time employees.

(Remainder of Page Intentionally Left Blank)

Part IX – Certification

KEVIN S. BUCHEL (name of representative of company submitting application) deposes and says that he or she is the SENIOR VICE PRES (title) of NAPCO SECURITY TECHNOLOGIES, INC. the corporation (company name) named in the attached application; that he or she has read the foregoing application and knows the contents thereof; and that the same is true to his or her knowledge.

Deponent further says that s/he is duly authorized to make this certification on behalf of the entity named in the attached Application (the "Applicant") and to bind the Applicant. The grounds of deponent's belief relative to all matters in said Application which are not stated upon his/her personal knowledge are investigations which deponent has caused to be made concerning the subject matter this Application, as well as information acquired by deponent in the course of his/her duties in connection with said Applicant and from the books and papers of the Applicant.

As representative of the Applicant, deponent acknowledges and agrees that Applicant shall be and is responsible for all costs incurred by the Town of Babylon Industrial Development Agency (hereinafter referred to as the "Agency") in connection with this Application, the attendant negotiations and all matters relating to the provision of financial assistance to which this Application relates, whether or not ever carried to successful conclusion. If, for any reason whatsoever, the Applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified period of time to take reasonable, proper, or requested action or withdraws, abandons, cancels or neglects the application or if the Applicant is unable to find buyers willing to purchase the total bond issue required, then upon presentation of invoice, Applicant shall pay to the Agency, its agents or assigns, all actual costs incurred with respect to the application, up to that date and time, including fees to bond or transaction counsel for the Agency and fees of general counsel for the Agency. Upon successful conclusion and sale of the transaction contemplated herein, the Applicant shall pay to the Agency an administrative fee set by the Agency in accordance with its fee schedule in effect on the date of the foregoing application, and all other appropriate fees, which amounts are payable at closing.

[Signature]
Representative of Applicant

Sworn to me before this 17
Day of March, 20 17
[Signature]
(seal)

MICHELLE R. SILVERMAN
Notary Public, State of New York
No. 01SI6004793
Qualified in Nassau County
Commission Expires March 30, 2018

Exhibit A

Payments in Lieu of Taxes on the Land and the Buildings:

For the period commencing on the PILOT Commencement Date (hereinafter defined) until the Abatement Termination Date or (ii) the date on which the Agency no longer owns the Facility Realty, the Lessee shall make payment in lieu of real estate taxes (the "PILOT Payments"), as follows:

Definitions

- X = the then current assessed value of Facility Realty from time to time
- PILOT Commencement Date = the Taxable Status Date of the Town immediately following the date hereof.
- Normal Tax Due = those payments for taxes and assessments, other than special ad valorem levies, special assessments and service charges against real property located in the Town of Babylon (including any existing incorporated village or any village which may be or may have been incorporated after the date hereof, within which the Project is wholly or partially located) which are or may be imposed for special improvements or special district improvements, which the Lessee would pay without exemption.
- Tax Year = the Tax Year of the Town commencing each December 1 and ending the following November 30.

Tax Year

1	0% Normal Tax Due on X
2	6.667% Normal Tax Due on X
3	13.334% Normal Tax Due on X
4	20.000% Normal Tax Due on X
5	26.667% Normal Tax Due on X
6	33.334% Normal Tax Due on X
7	40.000% Normal Tax Due on X
8	46.667% Normal Tax Due on X
9	53.334% Normal Tax Due on X
10	60.000% Normal Tax Due on X
11	66.667% Normal Tax Due on X
12	73.334% Normal Tax Due on X
13	80.000% Normal Tax Due on X
14	86.667% Normal Tax Due on X
15	93.334% Normal Tax Due on X
16 and thereafter	100% Normal Tax Due on X

The tax benefits provided for in this subsection shall be deemed to commence on the PILOT Commencement Date. In no event shall the Lessee be entitled to receive real property tax benefits due to the Project under this agreement for a period longer than the period set forth in the formula immediately above. Notwithstanding the foregoing schedule, the Lessee further covenants and agrees that for any period that the Agency continues to hold title to the Facility after termination, the Lessee shall pay 100% of the Normal Tax Due on X together with any special assessment and services charges relating to the Facility whichever may be imposed for special district improvements in accordance with the provisions of this Section.

333 Bayview Ave (aka 359 Bayview Av)
 Amityville, NY 11701
 SCTM# 0101 004.00 02.00 012.000
 December 6, 2016

Assuming Constants of:
 Assessed Value 67088
 Tax rate for items eligible for PILOT 230.4454
 Other Non-Abated taxes 85814 249,688

154,583
 9,291
 163,874

Rate Increment	15 Year PILOT		Tax	PILOT	Increment Non-Abated	To be Paid	Savings
	Rate	Abate					
2017	2.00%	1	100.0%	-	9,291	9,291	160,750
2018	239.6632	2	93.3%	10,927	9,291	20,218	153,050
2019	244.4585	3	86.7%	22,291	9,291	31,582	144,950
2020	249.3456	4	80.0%	34,131	9,291	43,422	136,500
2021	254.3325	5	73.3%	45,410	9,291	55,701	127,800
2022	259.4192	6	66.7%	59,166	9,291	68,457	118,350
2023	264.6076	7	60.0%	72,414	9,291	81,705	108,650
2024	269.8998	8	53.3%	86,168	9,291	95,459	98,500
2025	275.2978	9	46.7%	100,472	9,291	109,763	87,900
2026	280.8038	10	40.0%	115,284	9,291	124,575	76,850
2027	286.4189	11	33.3%	130,649	9,291	139,940	65,300
2028	292.1483	12	26.7%	146,582	9,291	155,873	53,300
2029	297.9913	13	20.0%	163,100	9,291	172,391	40,800
2030	303.9511	14	13.3%	180,252	9,291	189,543	27,700
2031	310.0301	15	6.7%	197,992	9,291	207,283	14,150
2032	316.2307						
				1,365,838	138,365	1,505,203	1,414,350

Amityville Village 785,150
 Combined 2,199,500

Village of Amityville

12/16/2016

333 Bayview Ave (aka 359 Bayview Av)
 Amityville, NY 11701
 SCTM# 0101 004.00 02.00 012.000

Land & Bldg 243858 Land 37900 Building 205958

Assuming Constants of:
 Estimated Value - Land & Building

2015-2016 Tax rate per \$100 35.19

Current Tax \$ 85,814

Increment Rate 2.00% 15 Year PILOT Abate

Year	Increment Rate	Abate	Tax	PILOT	Savings
2017	36.5976	1	0.0%	-	89,246
2018	37.3296	2	6.7%	6,069	84,962
2019	38.0782	3	13.3%	12,381	80,471
2020	38.8377	4	20.0%	18,942	75,767
2021	39.6145	5	26.7%	25,761	70,842
2022	40.4088	6	33.3%	32,846	65,689
2023	41.2149	7	40.0%	40,202	60,304
2024	42.0382	8	46.7%	47,841	54,675
2025	42.8800	9	53.3%	55,769	48,797
2026	43.7376	10	60.0%	63,995	42,863
2027	44.6124	11	66.7%	72,528	36,263
2028	45.5046	12	73.3%	81,376	29,591
2029	46.4147	13	80.0%	90,549	22,837
2030	47.3430	14	86.7%	100,057	15,393
2031	48.2899	15	93.3%	109,909	7,850
2032				758,225	785,150

SCHEDULE A - Agency's Fee Schedule

NAPCO Security Systems Inc.

333 Bayview Avenue
 Amityville, NY 117011
 0101 004.00 02.00 012.000

Application Fee \$ 1,500

Estimated Public Hearing Notice 800

Straight lease		Uniform% of Value		
	<i>AV</i>	<i>1.18%</i>		
Existing Building FMV	67,080	5,684,745	0.75%	\$ 42,640
Construction		700,000	1.25%	8,750
Renovation		100,000	1.25%	1,250
Machinery & Equipment		200,000	1.25%	2,500
Estimated Savings			1%	22,860
Estimated Fee			\$ 78,000	78,000

Total Estimated fees **\$ 80,300**

Estimated Savings

Est PILOT		<u>15@100</u>	2,199,500
Est Mtg Rec	0	1.05	-
Est Sales Tax	1,000,000	0.08625	86,250
Estimated Savings			2,285,750
1% of Estimated Savings			22,860

SCHEDULE B

Recapture of Agency Benefits. It is understood and agreed by the parties to this Agreement that the Agency is entering into this Agreement in order to provide financial assistance to the Lessee for the Project and to accomplish the public purposes of the Act. In consideration therefor, the Lessee hereby agrees as follows:

(a)(i) If there shall occur a Recapture Event after the date hereof, the Lessee or the Sublessee shall pay to the Agency as a return of public benefits conferred by the Agency, the following amounts:

(A) one hundred per cent (100%) of the Benefits (as defined below) if the Recapture Event occurs within the first five (5) years after the date hereof;

(B) eighty per cent (80%) of the Benefits if the Recapture Event occurs during the period from the sixty (6th) year through and including the eighth (8th) year after the date hereof;

(C) sixty per cent (60%) of the Benefits if the Recapture Event occurs during the ninth (9th) year after the date hereof;

(D) forty per cent (40%) of the Benefits if the Recapture Event occurs during the tenth (10th) year after the date hereof; or

(E) twenty per cent (20%) of the Benefits if the Recapture Event occurs during the eleventh (11th) year after the date hereof.

As used in this Section, the term "Benefits" shall mean, collectively:

(1) all real estate tax benefits which have accrued to the benefit of the Lessee or the Sublessee commencing from and after the "Commencement Date", and during the period of time that the Agency is the owner of the Facility, such tax benefits to be computed by subtracting the payments in lieu of taxes paid under Section 4.3 hereof from those payments which the Lessee or the Sublessee would have been required to pay during the term of this Agreement (within the meaning of Section 3.2 hereof) had the Town determined the amount of such real estate taxes as would be due if the Lessee had been the owner of the Facility Realty during such term; and

(2) all miscellaneous benefits derived from the Agency's participation in the straight-lease transaction contemplated by this Agreement, including, but not limited to, any exemption from any applicable state or local sales and use tax, mortgage recording tax and filing and recording fees accruing from and after the date hereof.

As used in this Section, the term "Recapture Event" shall mean any of the following events:

(1) The Lessee or the Sublessee shall have liquidated its operations and/or assets (absent a showing of extreme hardship);

(2) The Lessee or the Sublessee shall have ceased all or substantially all of its operations at the Facility (whether by relocation to another facility or otherwise, or whether to another facility either within or outside of the Town) through no force majeure event;

(3) The Lessee or the Sublessee shall have transferred all or substantially all of its employees within the Town to a location outside of the Town through no force majeure event;

(4) The Lessee or the Sublessee shall have subleased all or any portion of the Facility in violation of the limitations imposed by Section 9.3 hereof, without the prior written consent of the Agency;

(5) The Lessee or the Sublessee shall have sold, leased, transferred or otherwise disposed of all or substantially all of its interest in the Facility; or

(6) Base Employment Reduction Percentage shall be greater than fifteen percent (15%) due to a Relocation Reduction occurring with respect to an Annual Period.

Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event shall have arisen as a direct, immediate result of (i) a taking or condemnation by governmental authority of all or substantially all of the Facility, or (ii) the inability at law of the Lessee to rebuild, repair, restore or replace the Facility after the occurrence of a Loss Event to substantially its condition prior to such Loss Event, which inability shall have arisen in good faith through no fault on the part of the Lessee or any Affiliate.

(b) The Lessee covenants and agrees to furnish the Agency with written notification upon any Recapture Event or disposition of the Facility or any portion thereof made within twelve (12) years of the Commencement Date, which notification shall set forth the terms of such Recapture Event and/or disposition.

(c) In the event any payment owing by the Lessee or the Sublessee under this Section shall not be paid on demand by the Lessee or the Sublessee, such payment shall bear interest from the date of such demand at the then current interest rate imposed on delinquent payments of real property taxes until the Lessee or the Sublessee shall have paid such payment in full, together with such accrued interest to the date of payment, to the Agency.

(d) The Agency, in its sole discretion, may waive all or any portion of any payment owing by the Lessee or the Sublessee under this Section.

(e) The provisions of this Section shall survive the termination of this Agreement for any reason whatsoever, notwithstanding any provision of this Agreement to the contrary.

617.20
Appendix B
Short Environmental Assessment Form

Instructions for Completing

Part 1 - Project Information. The applicant or project sponsor is responsible for the completion of Part 1. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification. Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information.

Complete all items in Part 1. You may also provide any additional information which you believe will be needed by or useful to the lead agency; attach additional pages as necessary to supplement any item.

Part 1 - Project and Sponsor Information			
Name of Action or Project: NAPCO SECURITY TECHNOLOGIES, INC. BUILDING EXPANSION			
Project Location (describe, and attach a location map): 333 Bayview Avenue, Amityville, New York 11701			
Brief Description of Proposed Action: Addition of truck bays, mezzanine and expansion of the existing building by approximately 7,000 square feet in the southeast corner of the building. The expansion would allow for additional capacity.			
Name of Applicant or Sponsor: Napco Security Technologies, Inc.		Telephone: 631-842-9400	
		E-Mail:	
Address: 333 Bayview Avenue			
City/PO: Amityville		State: NY	Zip Code: 11701
1. Does the proposed action only involve the legislative adoption of a plan, local law, ordinance, administrative rule, or regulation? If Yes, attach a narrative description of the intent of the proposed action and the environmental resources that may be affected in the municipality and proceed to Part 2. If no, continue to question 2.			NO X YES
2. Does the proposed action require a permit, approval or funding from any other governmental Agency? If Yes, list agency(s) name and permit or approval:			NO X YES
3.a. Total acreage of the site of the proposed action?		<u>6.1944</u>	acres
b. Total acreage to be physically disturbed?		<u>.16</u>	acres
c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor?		<u>6.1944</u>	acres
4. Check all land uses that occur on, adjoining and near the proposed action.			
<input type="checkbox"/> Urban <input type="checkbox"/> Rural (non-agriculture) <input checked="" type="checkbox"/> Industrial <input type="checkbox"/> Commercial <input type="checkbox"/> Residential (suburban)			
<input type="checkbox"/> Forest <input type="checkbox"/> Agriculture <input type="checkbox"/> Aquatic <input type="checkbox"/> Other (specify): _____			
<input type="checkbox"/> Parkland			

5. Is the proposed action, a. A permitted use under the zoning regulations?	NO	YES	N/A
		X	
b. Consistent with the adopted comprehensive plan?		X	
6. Is the proposed action consistent with the predominant character of the existing built or natural landscape?	NO	YES	
			X
7. Is the site of the proposed action located in, or does it adjoin, a state listed Critical Environmental Area? If Yes, identify: _____	NO	YES	
		X	
8. a. Will the proposed action result in a substantial increase in traffic above present levels?	NO	YES	
b. Are public transportation service(s) available at or near the site of the proposed action?			
c. Are any pedestrian accommodations or bicycle routes available on or near site of the proposed action?			
9. Does the proposed action meet or exceed the state energy code requirements? If the proposed action will exceed requirements, describe design features and technologies: _____	NO	YES	
			X
10. Will the proposed action connect to an existing public/private water supply? [If Yes, does the existing system have capacity to provide service? <input type="checkbox"/> NO <input type="checkbox"/> YES] If No, describe method for providing potable water: _____	NO	YES	
			X
11. Will the proposed action connect to existing wastewater utilities? [If Yes, does the existing system have capacity to provide service? <input type="checkbox"/> NO <input type="checkbox"/> YES] If No, describe method for providing wastewater treatment: _____	NO	YES	
12. a. Does the site contain a structure that is listed on either the State or National Register of Historic Places?	NO	YES	
		X	
		X	
b. Is the proposed action located in an archeological sensitive area?			
13. a. Does any portion of the site of the proposed action, or lands adjoining the proposed action, contain wetlands or other waterbodies regulated by a federal, state or local agency?	NO	YES	
		X	
		X	
b. Would the proposed action physically alter, or encroach into, any existing wetland or waterbody? If Yes, identify the wetland or waterbody and extent of alterations in square feet or acres: _____			
14. Identify the typical habitat types that occur on, or are likely to be found on the project site. Check all that apply: <input type="checkbox"/> Shoreline <input type="checkbox"/> Forest <input type="checkbox"/> Agricultural/grasslands <input type="checkbox"/> Early mid-successional <input type="checkbox"/> Wetland <input type="checkbox"/> Urban <input type="checkbox"/> Suburban			
15. Does the site of the proposed action contain any species of animal, or associated habitats, listed by the State or Federal government as threatened or endangered?	NO	YES	
		X	
16. Is the project site located in the 100 year flood plain? 36103C0841H	NO	YES	
			X
17. Will the proposed action create storm water discharge, either from point or non-point sources? If Yes, a. Will storm water discharges flow to adjacent properties? <input type="checkbox"/> NO <input type="checkbox"/> YES	NO	YES	
		X	
b. Will storm water discharges be directed to established conveyance systems (runoff and storm drains)? If Yes, briefly describe: _____			

18. Does the proposed action include construction or other activities that result in the impoundment of water or other liquids (e.g. retention pond, waste lagoon, dam)? If Yes, explain purpose and size: _____ _____	NO	YES
	X	
19. Has the site of the proposed action or an adjoining property been the location of an active or closed solid waste management facility? If Yes, describe: _____ _____	NO	YES
	X	
20. Has the site of the proposed action or an adjoining property been the subject of remediation (ongoing or completed) for hazardous waste? If Yes, describe: _____ _____	NO	YES
	X	
I AFFIRM THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE		
Applicant/sponsor name: <u>NAPCO SECURITY TECHNOLOGIES, INC</u> Date: <u>MARCH 17, 2017</u>		
Signature: <u>[Signature]</u> SVP		

Part 2 - Impact Assessment. The Lead Agency is responsible for the completion of Part 2. Answer all of the following questions in Part 2 using the information contained in Part 1 and other materials submitted by the project sponsor or otherwise available to the reviewer. When answering the questions the reviewer should be guided by the concept "Have my responses been reasonable considering the scale and context of the proposed action?"

	No, or small impact may occur	Moderate to large impact may occur
1. Will the proposed action create a material conflict with an adopted land use plan or zoning regulations?		
2. Will the proposed action result in a change in the use or intensity of use of land?		
3. Will the proposed action impair the character or quality of the existing community?		
4. Will the proposed action have an impact on the environmental characteristics that caused the establishment of a Critical Environmental Area (CEA)?		
5. Will the proposed action result in an adverse change in the existing level of traffic or affect existing infrastructure for mass transit, biking or walkway?		
6. Will the proposed action cause an increase in the use of energy and it fails to incorporate reasonably available energy conservation or renewable energy opportunities?		
7. Will the proposed action impact existing: a. public / private water supplies? b. public / private wastewater treatment utilities?		
8. Will the proposed action impair the character or quality of important historic, archaeological, architectural or aesthetic resources?		
9. Will the proposed action result in an adverse change to natural resources (e.g., wetlands, waterbodies, groundwater, air quality, flora and fauna)?		

	No, or small impact may occur	Moderate to large impact may occur
10. Will the proposed action result in an increase in the potential for erosion, flooding or drainage problems?		
11. Will the proposed action create a hazard to environmental resources or human health?		

Part 3 - Determination of significance. The Lead Agency is responsible for the completion of Part 3. For every question in Part 2 that was answered "moderate to large impact may occur", or if there is a need to explain why a particular element of the proposed action may or will not result in a significant adverse environmental impact, please complete Part 3. Part 3 should, in sufficient detail, identify the impact, including any measures or design elements that have been included by the project sponsor to avoid or reduce impacts. Part 3 should also explain how the lead agency determined that the impact may or will not be significant. Each potential impact should be assessed considering its setting, probability of occurring, duration, irreversibility, geographic scope and magnitude. Also consider the potential for short-term, long-term and cumulative impacts.

<input type="checkbox"/> Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action may result in one or more potentially large or significant adverse impacts and an environmental impact statement is required.	
<input type="checkbox"/> Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action will not result in any significant adverse environmental impacts.	
_____	_____
Name of Lead Agency	Date
_____	_____
Print or Type Name of Responsible Officer in Lead Agency	Title of Responsible Officer
_____	_____
Signature of Responsible Officer in Lead Agency	Signature of Preparer (if different from Responsible Officer)