

**RESOLUTION GRANTING APPROVAL OF AND AUTHORIZING THE GRANT OF CERTAIN FINANCIAL ASSISTANCE BY THE TOWN OF BABYLON INDUSTRIAL DEVELOPMENT AGENCY TO LINZER PRODUCTS CORP. IN CONNECTION WITH THE RENOVATION AND EQUIPPING OF A MANUFACTURING, WAREHOUSE, DISTRIBUTION AND OFFICE FACILITY 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 Linzer Products Corp. a New York corporation (the "Company") have filed or caused to be filed an application with the Town of Babylon Industrial Development Agency (the "Agency") concerning a project (the "Project") consisting of the renovation and equipping of an approximately 166,000 square foot building by the Company or a real estate holding entity to be formed by the principals of the Company, located on that certain lot, piece or parcel of land generally known as and located at 248 Wyandanch Avenue in West Babylon, New York (the "Facility"), in the Town of Babylon, New York (the "Town"), for use by the Company as a manufacturing and wholesale distribution facility in its business of manufacturing professional paint products including paint brushes, paint rollers and paint trays and distribution of a multitude of related products; and

WHEREAS, the Company currently employees 160 employees in the Town and has Company has informed the Agency that doing business on Long Island is generally more expensive compared to some of the Company's other facilities which are located in Georgia, California and New Hampshire, in addition the Company's newest facility in Georgia affords the Company lower operating costs and more efficient product distribution and such Georgia facility could accommodate a much larger production and warehouse staff and that in the event the Company does not receive financial assistance from the Agency that it is the Company's intention to relocate a significant portion of its existing 160 employees from West Babylon to Georgia; and

WHEREAS, in order to induce the Company to retain and provide further investment into its existing facilities in the Town and retain and grow additional jobs in the Town it appears necessary to assist the Company by taking leasehold title to the Facility so as to afford the Company 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 the Company or the current owner of the Facility will cause the transfer or lease of the Facility to the Agency pursuant to a Company Lease Agreement (the "Company Lease") and the Agency will assist the Company to undertake the Project and will lease or sublease the 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 Lease Agreement; and

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

WHEREAS, in connection with the Agency's evaluation of the Project for the provision of financial assistance, the Agency has (i) assessed all material information relating to the project included in the Company's project application (the "Project Application") in order to afford a reasonable basis for the decision of the Agency to provide financial assistance to the Project; and (ii) prepared and reviewed a written cost benefit analysis (the "Cost Benefit Analysis") for the Project in accordance with the Uniform Project Evaluation Criteria Policy of the Agency which identifies the extent to which (A) the Project will create or retain permanent, private sector jobs; (B) the estimated value of any tax exemption to be provided to the Project, (C) the amount of private sector investment generated or likely to be generated by the Project; (D) reviewed the likelihood of accomplishing the proposed project in a timely fashion; and (E) considered the extent to which the Project will provide additional sources of revenue for the Town and the school district where the Facility is located: and

WHEREAS, in connection with the adoption of this resolution the Agency has reviewed the Project Application and the Company has confirmed in such Project Application that as of the date of the Projection Application, the Company is in substantial compliance with the Act; and

WHEREAS, it is desired that the Agency authorize the granting of certain financial assistance to the Company in connection with the Project and the Facility including exemption from mortgage recording taxes, if any, 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. With respect to the Agency's evaluation criteria for Manufacturing, Warehousing and Distribution Projects the Agency makes the following determinations:

- (a) It has reviewed the information in the Cost Benefit Analysis with respect to the Project.
- (b) The Company proposes a capital investment in soft costs, machinery and equipment and capital improvements in the Facility of approximately \$120,000.
- (c) The Project will not have significant impact on local labor construction in the Town.
- (d) Wage rates for the employees of the Company average \$28,156 which is less than the median wage for the region.

- (e) The Company has a positive impact on regional wealth creation due to the fact that a significant portion of the Company's product is sold and shipped outside of the Town and result in revenue inflows into the Town and the Long Island region due to taxes and municipal charges paid by the Company to the Town and Suffolk County.
- (f) The Project will not have a significant effect on in-region purchases.
- (g) The Project will not have a significant effect on energy efficiency.
- (h) The Project will not affect existing land use or zoning.
- (i) The Project is important to the retention of a significant employer of the Town. The Company employs in excess of 160 employees. The Company is considering relocating a significant portion of its operations to new facilities in Georgia which will achieve substantial costs savings for the Company.

Section 2. Based on the evaluation of the foregoing evaluation criteria, (a) The Agency hereby finds and determines that (i) the Project constitutes a "Project" within the meaning of 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 the Company with respect to the Project.

(c) The Agency shall grant Financial Assistance to the Company in the form of New York State and local Sales and Use Tax abatements as provided in Section 2.4 of the Lease Agreement 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 Section 2.4 of the Lease Agreement.

Section 3. To accomplish the purposes of the Act, the Agency shall take legal fee or leasehold title to the Facility pursuant to the Company Lease, assist the Company to undertake the Project and lease the Facility to the Company pursuant to the Lease Agreement.

Section 4. Pursuant to the Lease Agreement, the Company will make certain payments in lieu of real property taxes ("Pilots") which would be otherwise due and payable with respect to the Facility.

Section 5. In order to provide the Company 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 the Company's agents certain sale tax authorization letters ("Sales Tax Authorization Letters") which shall be used pursuant to the terms contained therein and in the Lease Agreement.

Section 6. In order to secure amounts to be loaned by a mortgage lender acceptable to the Chief Executive Officer (“CEO”) of the Agency or any other authorized representative to the Company with respect to the Project, the Agency hereby authorizes the execution of one or more mortgages (collectively, the “Mortgages”) at any time during the term of the Lease Agreement, from the Agency and the Company to any mortgage lender acceptable to the CEO of the Agency or any other authorized representative, in form acceptable to the CEO of the Agency or any other authorized representative and Counsel to the Agency.

Section 7. The form and substance of the 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 Company Lease in substantially the form previously executed for other “straight lease” transactions is hereby approved.

Section 9. The CEO of the Agency or any successor CEO of the Agency or any other authorized representative, is hereby authorized, on behalf of the Agency, to execute and deliver final forms of the Company Lease, Lease Agreement, Mortgages, Sales Tax Authorization Letters, 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 of the Agency or any other authorized representative of the Agency shall upon advice of counsel approve. The execution thereof by the CEO of the Agency or any other authorized representative shall constitute conclusive evidence of such approval.

The CEO of the Agency or any other authorized representative 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 of the Agency or any other authorized representative, 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 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 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 Katten Muchin Rosenman 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 to be granted hereunder in excess of \$100,000 to the Company until the Agency has held a public hearing with respect to the grant of financial assistance 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: February 7, 2017

A regular meeting of the Town of Babylon Industrial Development Agency (the "Agency") was convened in public session on February 7, 2017 at 8:00 o'clock A.M., at the Law Offices of John Braslow, 816 Deer Park Avenue, North Babylon, New York.

The foregoing meeting was called to order by the Chief Executive Officer, with the following members being:

PRESENT:

ABSENT:

ALSO PRESENT:

Upon motion duly made and seconded, the following resolution was placed before the members of the Agency:

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

I, Paulette Moser, 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 Offices of John Braslow, 816 Deer Park Avenue, North Babylon, New York on February 7, 2017, commencing at the hour of 8:00 A.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 7<sup>th</sup> day of February, 2017.

Paulette J. Moser  
Secretary

(SEAL)