

RESOLUTION GRANTING APPROVAL OF AND AUTHORIZING THE GRANT OF CERTAIN FINANCIAL ASSISTANCE BY THE TOWN OF BABYLON INDUSTRIAL DEVELOPMENT AGENCY TO 550 SMITH STREET LLC, 480 SMITH STREET LLC, VOGUE HOLDING LLC AND VOGUE GROUP INC., IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION, RENOVATION AND EQUIPPING OF MANUFACTURING, WAREHOUSE AND DISTRIBUTION FACILITIES

WHEREAS, the Town of Babylon Industrial Development Agency (the “Agency”) is authorized under the laws of the State of New York (the “State”), 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 (the “Town”); and

WHEREAS, on November 6, 2020, the Agency entered into a straight lease transaction (as that term is defined under the Act) with 550 Smith Street LLC for the benefit of Vogue Group Inc., a corporation organized and existing under the laws of the State of New York (the “Company”) in order to provide financial assistance with respect to a project (the “Original Project”) located at 550 Smith Street in Farmingdale, New York consisting of the acquisition, renovation and equipping of a manufacturing, warehouse and distribution facility located on a 1 acre lot, piece or parcel of land and the installation of certain equipment and personal property thereon all for use by the Company in its business of wholesale distribution of fabrics/textiles and manufacture of curtains, event decorations, table covers, on-demand printed dye sublimation fabrics, and other fabric products; and

WHEREAS, representatives of the Company and 550 Smith Street LLC, a limited liability company organized and existing under the laws of the State of New York, 480 Smith Street LLC, a limited liability company organized and existing under the laws of the State of New York, Vogue Holding LLC, a limited liability company organized and existing under the laws of the State of New York or any other real estate holding entity formed by the principals of the Company (collectively, the “Owners”) have filed or caused to be filed an application with the Agency concerning a new project (the “Project”) consisting of (i) the renovation and equipping of an approximately 20,000 square foot manufacturing, warehouse and distribution facility to be located on that certain approximately 1 acre lot, piece or parcel of land located at 550 Smith Street in Farmingdale, New York (the “550 Smith Street Facility”) (ii) the acquisition, renovation and equipping of an approximately 15,000 square foot manufacturing, warehouse and distribution facility, to be located on that certain approximately 1 acre lot, piece or parcel of land located at 480 Smith Street in Farmingdale, New York (the “480 Smith Street Facility”) and (iii) the acquisition, construction and equipping of an approximately 40,000 square foot, manufacturing, warehouse and distribution facility, to be located on that certain approximately 2.26 acre lot, piece or parcel of land located at 2015 New Highway in Farmingdale, New York (the “2015 New Highway Facility” and, collectively with the 550 Smith Street Facility and the 480 Smith Street Facility, the “Facilities”), all for use by the Company in its business of manufacture, warehousing and distribution of fabric table covers, curtains, on-demand printed dye sublimation fabrics, fabrics for upholstery, crafts, apparel and fashion, backpacks; and

WHEREAS, in order to induce the Owners and the Company to retain and grow additional jobs in the Town, it appears necessary for the Agency to assist the Owners and the Company by taking leasehold title to or undertaking control of the Facilities so as to afford the Owners and the Company of certain relief from real property taxation, sales and use taxation and mortgage recording taxation with respect to the Facilities; and

WHEREAS, it is contemplated that the Owners will cause the transfer or lease of the Facilities to the Agency each pursuant to a Company Lease Agreement (collectively, the "Company Lease") and the Agency will assist the Owners to undertake the Project and will lease or sublease the Facilities to the Owners each pursuant to a Lease and Project Agreement (collectively, the "Lease Agreement"), by and between the Owners and the Agency pursuant to which the Owners agree, among other things, to make lease payments in such amounts as specified in the Lease Agreement; and

WHEREAS, it is further contemplated that the Owners will each sublease the Facilities to the Company each pursuant to a separate Sublease Agreement (collectively, the "Sublease Agreement") by and between each of the Owners respectively and the Company pursuant to which the Company agrees, among other things, to make sublease payments in such amounts as equal to lease rentals as specified in the Lease Agreement; and

WHEREAS, pursuant to the Lease Agreement the Owners have agreed to make certain payments in lieu of real property taxes, with respect to the Facilities, 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; (ii) reviewed the Agency's written cost benefit analysis for the Project 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 Facilities 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 Project Application, as amended, the Company and the Owners are in substantial compliance with the Act; and

WHEREAS, it is desired that the Agency authorize the granting of certain financial assistance to the Owners and the Company in connection with the Project and the Facility including exemption from State and local sales and use taxes, mortgage recording taxes, and real property taxes.

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

Section 1. With respect to the Agency's evaluation criteria for Manufacturing/Warehousing/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 the land, building, machinery and equipment and capital improvements in the Facilities of approximately \$12,580,000.

(c) The wage rates for the approximately 43 full-time employees at the Facilities average \$75,000 per year for management positions, \$50,000 per year for administrative positions and \$40,000 per year for laborer positions.

(d) The Project will not have significant impact from local labor construction in the Town.

(e) The Project will not have a significant effect on in-region purchases or research and development.

(f) The Project will not have a significant effect on energy efficiency.

(g) The Project will not affect existing land use or zoning.

(h) The Project is important to the retention of employment within the Town. The Company currently employs 43 full-time employees. If the Company does not receive financial assistance from the Agency the Company is considering relocating its current operations in the Town to facilities in New Jersey, which would 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; (ii) the Project is necessary for the Company to maintain its competitive position in its industry and to prevent the Company from relocating its facilities outside of New York State; and (iii) the granting of real property tax abatements, sales and use tax abatements and mortgage recording tax (collectively the "Financial Assistance") by the Agency with respect to the Facilities pursuant to the Act, will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of the Town and the State 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 Owners and the Company with respect to the Facilities.

(c) The Agency shall grant Financial Assistance to the Company and the Owners in the form of New York State and local Sales and Use Tax abatements in a maximum amount not to exceed \$207,000 as provided in Section 5.2 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 the Financial Assistance as provided in Section 5.4 of the Lease Agreement.

Section 3. To accomplish the purposes of the Act, the Agency shall take leasehold title to the Facilities pursuant to the Company Lease, assist the Owners to undertake the Project and sublease the Facilities to the Owners pursuant to the Lease Agreement and the Owners will further sub-sublease the Facilities to the Company pursuant to the Sublease Agreement.

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

Section 5. In order to provide the Owners and 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 one or more Sales Tax Agent 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”) or the Chief Financial Officer (“CFO”) of the Agency to the Company with respect to the financing or refinancing of the Project and the Facilities, the Agency hereby authorizes the execution of one or more mortgages (collectively, the “Mortgages”) granted at the initial closing of the “straight lease” transaction or any time thereafter during the term of the Lease Agreement, from the Agency and the Owners to any mortgage lender acceptable to the CEO or the CFO of the Agency or any other authorized representative, in form acceptable to the CEO or CFO of the Agency or any other authorized representative and counsel to the Agency.

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

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

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

Section 10. Thomas E. Dolan, 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 Company Lease, Lease Agreement, Mortgages, Sales Tax Agent 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 or any other Authorized Representative of the Agency shall upon advice of counsel approve. The execution thereof by the CEO or any other Authorized Representative of the Agency shall constitute conclusive evidence of such approval.

The CEO or CFO 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, the CFO'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 11. The CEO of the Agency, the CFO of the Agency or any other authorized representative including 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 Lease, 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 12. 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 13. 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 14. 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 15. The law firm Katten Muchin Rosenman LLP is hereby appointed transaction counsel to the Agency for this transaction.

Section 16. Notwithstanding the foregoing, the Agency will not grant any Financial Assistance to be granted hereunder in excess of \$100,000 to the Owners or 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 17. This resolution shall take effect immediately.

STATE OF NEW YORK)

) ss.:

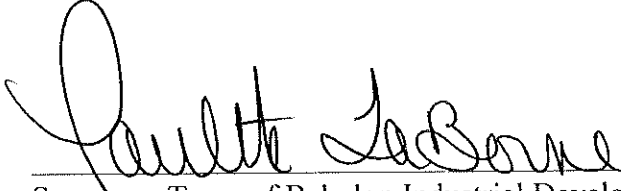
COUNTY OF SUFFOLK)

I, Paulette LaBorne 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 Old Town Hall, 47 West Main Street, Babylon, New York on April 26, 2023, 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 the meeting shown therein was duly held, and the persons named therein were present at that meeting 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 26th day of April, 2023.


Secretary, Town of Babylon Industrial Development Agency

(SEAL)