

RESOLUTION GRANTING APPROVAL OF AND AUTHORIZING THE GRANT OF CERTAIN FINANCIAL ASSISTANCE BY THE TOWN OF BABYLON INDUSTRIAL DEVELOPMENT AGENCY TO BLI INTERNATIONAL, INC. d/b/a ALLEGIANT HEALTH AND E&B ASSETS, LLC IN CONNECTION WITH THE ACQUISITION, RENOVATION AND EQUIPPING OF A MANUFACTURING AND DISTRIBUTION 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 (the "Town"); and

WHEREAS, on July 25, 2006, the Agency entered into a straight lease transaction with A&Z Pharmaceutical, Inc. ("A&Z") and E&B Assets, LLC ("E&B" or the "Owner") pursuant to which the Agency granted E&B and A&Z financial assistance in accordance with a Lease Agreement between the Agency and E&B dated July 25, 2006, and a Sublease Agreement between E&B and A&Z dated July 25, 2006 concerning the acquisition, renovation and equipping by the E&B of an approximately 85,000 square foot manufacturing, warehouse and wholesale distribution facility located on a 3 acre lot or parcel of land at 75 North Industry Court in Deer Park, New York (the "Existing Facility") in the Town of Babylon, New York (the "Town") for use as a manufacturing, warehouse and wholesale distribution facility by A&Z in its business of manufacture, warehousing and distribution of over the counter generic pharmaceutical products; and

WHEREAS, A&Z and E&B were originally owned by Emma Li and Brian Li and had two business divisions: (1) the over the counter business division (the "OTC Business") which manufactures over-the-counter products, and (2) the international business division (the "International Business") which manufactures vitamin supplements which are sold overseas to companies located in China; and

WHEREAS, on or about February 2014 Emma Li and Brian Li split the assets of A&Z such that the OTC Business was (together with certain other assets) distributed to Brian Li and the International Business was (together with certain other assets) distributed to Emma Li; and

WHEREAS, the forgoing corporate reorganization was accomplished through among other things the creation of a new corporation, BLI International, Inc. d/b/a Allegiant Health (the "Company"), pursuant to which Brian Li became the sole shareholder of the Company and through the reorganization certain assets of A&Z including assets relating to A&Z's OTC Business were transferred to the Company; and

WHEREAS, in connection with the corporate reorganization E&B and the Company assumed the mortgage obligations of A&Z with respect to the Existing Facility in the amount of approximately \$7,000,000; and

WHEREAS, the Company currently employs approximately 120 employees in the Town and the Company is contemplating refinancing the acquisition costs of the Existing Facility and the expenditure of approximately \$1,000,000 to upgrade equipment at the Existing Facility and in conjunction with such refinancing and upgrading E&B and the Company are contemplating relocating its operations to a location outside of the Town which facilities would be more cost effective to the Company; and

WHEREAS, representatives of the Company have supplied information to the Agency with respect to a project (the "Project") consisting of the refinancing of the Existing Facility by E&B and the equipping by E&B and/or the Company of the Existing Facility (the Existing Facility as equipped and improved, the "Facility") all for use by the Company as a manufacturing and distribution facility in its business as a manufacturer and distributor of OTC pharmaceutical products; and

WHEREAS, representatives of the Company 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 retain induce such facilities within the Town it appears necessary to assist E&B and the Company by taking leasehold title to the Facility so as to afford E&B and 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 Agency will acquire leasehold title to the Facility, and that the Agency will assist the Company to undertake the Project and will lease the Facility to E&B pursuant to a Lease and Project Agreement (the "Lease Agreement"), by and between E&B and the Agency pursuant to which E&B agrees, among other things, to make lease payments in such amounts as specified in the Lease Agreement and, it is intended that E&B will sublease the Facility to the Company pursuant to a Sublease Agreement (the "Sublease Agreement"), by and between E&B and the Company pursuant to which the Company 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 Lease Agreement; and

WHEREAS, pursuant to the Lease Agreement and the Sublease Agreement, E&B and the Company have 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 E&B and the Company 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:

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 machinery and equipment at the Facility of approximately \$1,000,000 and a capital investment in the real property of the Facility in the amount of \$7,000,000.
- (c) The Project will not have significant impact on local labor in the Town.
- (d) Wage rates for the employees of the Company range from \$20,800 to \$260,000, with average wages less than the median wage for the region.
- (e) The OTC Business of the Company has a positive impact on regional wealth creation in the Town.
- (f) The Company will not have an impact on research and development.
- (g) The Project will not have a significant effect on in-region purchases.
- (h) The Project will not have a significant effect on energy efficiency.
- (i) The Project will not affect existing land use or zoning.
- (j) The Project is critical to retention of a significant employer in the Town. The Company currently employs approximately 120 employees in the Town, expects to employ 130 employees within two years and is contemplating undertaking the Project or relocating its operations to a location outside of the Town.

Section 2. (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 the Company and E&B with respect to the Project.

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

Section 3. To accomplish the purposes of the Act, the Agency as the current owner of the Existing Facility will cause the transfer of the Existing Facility to E&B and E&B will lease the Existing Facility to the Agency pursuant to the Company Lease Agreement. The Agency will assist E&B and the Company to undertake the Project and will lease the Facility to E&B pursuant to the Lease Agreement. E&B will sublease the Facility to the Company pursuant to the Sublease Agreement.

Section 4. Pursuant to the Lease Agreement and Sublease Agreement, E&B or the Company on behalf of E&B shall 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 E&B 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 to E&B’s Agents its Sales Tax Authorization Letter (the “Sales Tax Authorization Letter”) 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 CEO of the Agency to E&B, the Agency hereby authorizes the execution of one or more mortgages (collectively, the “Mortgage”) granted at the initial closing of the transaction or any time thereafter during the term of the Lease Agreement, from the Agency and E&B to a mortgage lender acceptable to the CEO of the Agency, in form acceptable to the CEO of the Agency and Counsel to the Agency.

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

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

Section 10. Matthew McDonough, as Chief Executive Officer or any successor Chief Executive Officer (the “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 Agreement, the Lease Agreement, the Sales Tax Authorization Letter, 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 to the extent required in the Agency Documents.

Section 11. The CEO, the Chief Financial Officer (“CFO”) of the Agency, the Chairman or the Secretary and any member of the Agency (as used in this resolution, the “Authorized Representatives”) are hereby designated the authorized representatives of the Agency and each of them is hereby authorized and directed to cause the transactions as described in the Lease Agreement 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 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 15. The law firm Winston & Strawn 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 (as such term is defined in the Act) in excess of \$100,000 to either of the Company or E&B until the Agency has held a public hearing with respect to the Project in accordance with the provisions of the Act.

Section 17. 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: October 11, 2016

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 October 11, 2016, 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 11TH day of October, 2016.


Secretary

(SEAL)