

**RESOLUTION OF THE TOWN OF BABYLON INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, RENOVATION AND EQUIPPING OF A CERTAIN FACILITY FOR THE COW HARBOR BEER COMPANY, LLC (THE "COMPANY") AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH.**

WHEREAS, the Town of Babylon Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of Chapter 1030 of Laws of 1969 of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 177 of the Laws of 1973 of New York, as amended, constituting Section 907-a of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, renovating, improving, maintaining, equipping and furnishing of, among others, manufacturing, warehousing, research, commercial or industrial facilities, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, pursuant to an application (the "Application") submitted to the Agency by The Cow Harbor Beer Company, LLC (the "Company"), on behalf of itself and/or entities formed or to be formed on its behalf, the Company has requested that the Agency undertake a project (the "Project") consisting of the following: (A) the acquisition of an interest in approximately 0.25 acres of real estate located at 150 South Wellwood, Lindenhurst (Tax Map #0103-10.00-4.00-11.000), in the Village of Lindenhurst, Town of Babylon, Suffolk County, New York (collectively, the "Land"), the renovation of an approximately 10,000 square foot building located on the Land (the "Improvements") and the acquisition and installation therein of certain equipment and personal property (the "Equipment", and together with the Land and Improvements, the "Facility"), which Facility is to be leased and subleased by the Agency to the Company and which Facility will be used by the Company for manufacturing, production, storage and wholesale distribution of craft beer and direct-to-consumer sales and tastings; (B) the granting of certain "financial assistance" (within the meaning of section 854(14) of the Act) with respect to the foregoing limited to potential exemptions from certain sales and use taxes and real property taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, representatives of the Company have indicated that the Project will result in the growth of permanent full time jobs within the Town of Babylon (the "Town"); and

WHEREAS, in order to induce the Company to proceed with the Project within the Town it appears necessary for the Agency to assist the Company by taking a leasehold interest in the Facility so as to afford the Company certain relief from real property taxation and relief from sales and use taxation for a limited period; and

WHEREAS, the Agency (A) caused notice of public hearing of the Agency (the “Public Hearing”) pursuant to Section 859-a of the Act, to hear all persons interested in the Project and the Financial Assistance being contemplated by the Agency with respect to the Project, to be mailed on May 10, 2019 to the chief executive officers of the County of Suffolk, the Town of Babylon, the Village of Lindenhurst, the Lindenhurst School District and the Lindenhurst Public Library (collectively, the “Affected Tax Jurisdictions”), (B) caused notice of the Public Hearing to be published on May 11, 2019 in Newsday, a newspaper of general circulation available to the residents of the Town of Babylon, New York, (C) conducted the Public Hearing on May 21, 2019 at 12:00 p.m. at the Lindenhurst Village Hall, 430 South Wellwood Avenue, Lindenhurst, New York, and (D) prepared a report of the Public Hearing (the “Report”) that fairly summarized the views presented at said public hearing and distributed same to the members of the Agency; and

WHEREAS, in order to consummate the Project and the granting of the Financial Assistance described in the notice of the Public Hearing, the Agency proposes to enter into the following documents: (A) a company lease (and a memorandum thereof) (the “Company Lease”) by and between the Company and the Agency, pursuant to which, among other things, the Agency will acquire a leasehold interest in the Land and the improvements now or hereafter located on the Land from the Company; (B) a lease and project agreement (and a memorandum thereof) (the “Lease Agreement”) by and between the Agency and the Company, pursuant to which, among other things, the Company will agree to undertake and complete the Project as agent of the Agency and the Company further will agree to lease the Facility from the Agency and, as rental thereunder, to pay the Agency’s administrative fee relating to the Project and to pay all expenses incurred by the Agency with respect to the Project and the Company further will agree to make certain payment in lieu of taxes; and (C) various other documents and certificates relating to the Project (the “Other Documents” and, collectively with the Company Lease and the Lease Agreement, the “Agency Documents”); and

WHEREAS, in connection with the Project, the Company will execute and deliver to the Agency a bill of sale (the “Bill of Sale to Agency”), which conveys from the Company to the Agency all right, title and interest of the Company in the Equipment; and

WHEREAS, the Agency will file with the assessor and mail to the chief executive officers of each “affected tax jurisdiction” (within the meaning of such quoted term in Section 854(16) of the Act) a copy of a New York State Board of Real Property Services Form RP-412-a (the form required to be filed by the Agency in order for the Agency to obtain a real property tax exemption with respect to the Facility under Section 412-a of the Real Property Tax Law) (a “Real Property Tax Exemption Form”) relating to the Project; and

WHEREAS, simultaneously with the execution of the Agency Documents, the Agency will file with the New York State Department of Taxation and Finance one or more forms entitled “IDA Appointment of Project Operator or Agent for Sales Tax Purposes” (the form required to be filed pursuant to Section 874(9) of the Act) (the “Thirty-Day Sales Tax Forms”); and

WHEREAS, for purposes of exemption from New York State (the "State") sales and use taxation as part of the Financial Assistance requested, "sales and use taxation" shall mean sales and compensating use taxes and fees imposed by article twenty-eight or twenty-eight-A of the State tax law but excluding such taxes imposed in a city by section eleven hundred seven or eleven hundred eight of such article twenty-eight;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE TOWN OF BABYLON INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Agency, based upon the representations made by the Company to the Agency in the Application, hereby finds and determines that:

(A) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(B) The Project constitutes a "project", as such term is defined in the Act; and

(C) The acquisition, renovation and equipping of the Facility and the leasing of the Facility to the Company will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the Town of Babylon and the State of New York and improve their standard of living and thereby serve the public purposes of the Act; and

(D) The acquisition, renovation and equipping of the Facility and the leasing of the Facility to the Company is reasonably necessary to induce the Company to maintain and expand its business operations in the Town and in the State; and

(E) Based upon representations of the Company and counsel to the Company, the Facility conforms with the local zoning laws and planning regulations of the Town and all regional and local land use plans for the area in which the Facility is located; and

(F) The completion of the Facility will not result in the removal of a plant or facility of the Company or any other proposed occupant of the Facility from one area of the State to another area of the State or in the abandonment of a plant or facility of the Company or of any proposed occupant of the Facility located in the State; and

(G) The Project does not constitute a project where facilities or property that are primarily used in making retail sales to customers who personally visit such facilities constitute more than one-third of the total project cost.

Section 2. In consequence of the foregoing, the Agency hereby determines to: (A) proceed with the Project; (B) acquire (i) a leasehold interest in the Land and all improvements now or hereafter located on the Land from Company Lease, and (ii) title to the Bill of Sale to Agency from the Company to the Agency; (C) lease the Facility to the Company pursuant to the Lease Agreement; (D) acquire, construct, reconstruct and install the Project, or cause the Project to be acquired, constructed, reconstructed, and installed, as provided in the Lease Agreement; (E) grant to the Company exemptions from real estate taxes with respect to the Facility, provided that the Company executes and delivers to the Agency the Lease Agreement; and (F) grant to the Company

the Financial Assistance with respect to the Project. In the event of the occurrence of a recapture event under the Lease Agreement, the Agency will pursue recapture of Financial Assistance as provided therein.

Section 3. The Agency is hereby authorized to acquire an interest in the Facility and to do all things necessary or appropriate for the accomplishment of the Project, and all acts heretofore taken by the Agency with respect to such Project are hereby approved, ratified and confirmed.

Section 4. (A) The Agency Documents shall be in form and substance satisfactory to the Chief Executive Officer (“CEO”) or the Chief Financial Officer (“CFO”) and the Agency Counsel and shall be in substantially similar form to the documents used in connection with prior Agency projects. The CEO, the CFO, the Chairman and the Secretary (each an “Authorized Representative”) are each hereby authorized, on behalf of the Agency, to execute and deliver the Agency Documents, and, where appropriate, the Secretary (or Assistant Secretary) of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same.

(B) The CEO, the CFO and any other Authorized Representatives are each hereby further authorized, on behalf of the Agency, to designate any additional Authorized Representatives to execute any Agency Documents or certificates of the Agency authorized pursuant to this Resolution and determine the terms of the Agency Documents.

Section 5. 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 and documents, to 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 6. The Agency hereby delegates to the Company, as agent of the Agency, the authority to designate (following the execution and delivery of the Agency Documents), agents and sub-agents of the Agency (each, a “Sub-Agent”) for purposes of utilizing the Agency sales and use tax exemption with respect to the acquisition, reconstruction and installation of the Facility; provided that any such sub-agency designation shall become effective only upon submission to the Agency within fifteen (15) days of such agency and sub-agency designation: (1) an executed sub-agent appointment agreement (in a form approved by the Agency) and (2) a completed Form ST-60 of the New York State Department of Taxation and Finance (IDA Appointment of Project Operator or Agent for Sales Tax Purposes). Such agents and sub-agents may include contractors and subcontractors involved in the acquisition, reconstruction and installation of the Facility.

Section 7. The terms and conditions of subdivision 3 of Section 875 of the Act are herein incorporated by reference and the Company shall agree to such terms as a condition precedent to receiving or benefiting from an exemption from New York State sales and use exemptions benefits. Notwithstanding anything herein to the contrary, the amount of State and local sales and use tax exemption benefits comprising the Financial Assistance approved herein shall not exceed **\$84,094** and shall last no longer than two years from the execution and delivery of the Agency Documents.

Section 8. Notwithstanding anything herein to the contrary, the amount of real property tax exemption benefits comprising the Financial Assistance approved herein shall be based on the schedule attached hereto as Exhibit A.

Section 9. This resolution shall take effect immediately upon adoption.

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

I Paulette H. Moses, the undersigned Secretary of the Town of Babylon Industrial Development Agency (the "Agency"), do hereby certify that I have compared the foregoing extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on May 22, 2019, with the original thereof on file in my office, and that the same is a true and correct copy of said original and of such Resolution set forth therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respects duly held; (C) pursuant to Article 7 of the Public Officers Law (the "Open Meetings Law"), said meeting was open to the general public, and due notice of the time and place of said meeting was duly given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 22 day of May, 2019.

Paulette H. Moses  
Secretary

(SEAL)

Exhibit A

For the period commencing on the PILOT Commencement Date (to be defined in the Lease Agreement) until the earlier of (i) the Abatement Termination Date (to be defined in the Lease Agreement) or (ii) the date on which the Agency no longer has a leasehold interest in the Land and the Improvements, the Company shall make payment in lieu of real estate taxes (the "PILOT Payments"), as follows:

Definitions

X = the then current assessed value of Land and Improvements 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 Company would pay without exemption.

Tax Year = the Tax Year of the Town commencing each December 1 and ending the following November 30.

Payment

Tax Year

1	40.0% Normal Tax Due on X
2	45.0% Normal Tax Due on X
3	50.0% Normal Tax Due on X
4	55.0% Normal Tax Due on X
5	60.0% Normal Tax Due on X
6	65.0% Normal Tax Due on X
7	70.0% Normal Tax Due on X
8	75.0% Normal Tax Due on X
9	80.0% Normal Tax Due on X
10	85.0% Normal Tax Due on X
11	90.0% Normal Tax Due on X
12	95.0% Normal Tax Due on X
13 and thereafter	100% Normal Tax Due on X

The tax benefits provided for shall be deemed to commence on the PILOT Commencement Date. In no event shall the Company be entitled to receive real property tax benefits due to the

Project under the Lease Agreement for a period longer than the period set forth in the formula immediately above. Notwithstanding the foregoing schedule, the Company will further covenant and agree that for any period that the Agency continues to hold a leasehold interest in the Land and Improvements after termination, the Company 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 the Lease Agreement.