

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, ERWINA PROPERTIES, LLC AND E & B ASSETS, LLC IN CONNECTION WITH THE ACQUISITION, RENOVATION AND EQUIPPING OF CERTAIN MANUFACTURING, DEVELOPMENT AND DISTRIBUTION FACILITIES IN THE TOWN.

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 the E&B Assets, LLC ("E&B") 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 Company of an approximately 85,000 square foot manufacturing, warehouse and wholesale distribution facility located on a 3 acre lot or parcel of land (the "75 NIC Land") at 75 N. Industry Court in Deer Park, New York (the "A&Z Facility") in 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 and to accomplish the purposes of the Act, on November 29, 2016 the Agency entered into a "straight-lease transaction" (as defined in the Act) with E&B and Company pursuant to which E&B and

the Company agreed to assume the mortgage obligations of A&Z with respect to the A&Z Facility in the amount of approximately \$7,000,000 and E&B and the Company agreed to undertake the expenditure of approximately \$1,000,000 to upgrade equipment at the A&Z Facility (the A&Z Facility as upgraded, the "Existing Facility"); and

WHEREAS, to accomplish the purposes of the Act, the Agency has now entered into negotiations with the Company, Erwina Properties, LLC ("Erwina"), an entity related to E&B and the Company and owned by Brian Li for the undertaking of a "project" within the meaning of the Act (the "91 NIC Project") consisting of the acquisition, renovation and equipping of an existing warehouse facility located on an approximately 4 acre lot, piece or parcel of land (the "91 NIC Land" and together with the 75 NIC Land, the "Land") at 91 North Industry Court, in Deer Park, New York and the installation of certain equipment and personal property therefore (the "91 NIC Facility Equipment") (the Land, improvements and the 91 NIC Facility Equipment, collectively the "91 NIC Facility"), all for use by the Company and Erwina as an integrated campus facility for use together with the Existing Facility as a manufacturing, warehouse, logistics and distribution center in the Company's business of manufacture and distribution of over-the-counter pharmaceutical and nutraceutical health care products domestically and internationally; and

WHEREAS, in connection with the foregoing acquisition of 91 North Industry Court and to accomplish the purposes of the Act, the Agency has entered into negotiations with the Company and E&B for the undertaking of a new "project" within the meaning of the Act (the "75 NIC Project," and together with the 91 NIC Project, the "Project") consisting of the renovation, re-equipping and improvement by the Company and/or E&B of the Existing Facility for integration of the Existing Facility with the 91 NIC Facility (the Existing Facility as renovated, re-equipped and improved, the "75 NIC Facility" and together with the 91 NIC Facility, the "Facility") all for use by the Company and E&B as a manufacturing and distribution facility in its business as a manufacturer and distributor of over-the-counter pharmaceutical and nutraceutical health care products domestically and internationally; and

WHEREAS, in order to induce the Company to retain and create jobs in the Town it appears necessary to assist the Company by taking leasehold title to the Facility so as to afford the Company, E&B and Erwina certain relief from mortgage recording taxation (with respect to the 91 NIC Facility), relief from real property taxation, and relief from sales and use taxation for a limited period; and

WHEREAS, it is contemplated that the E& B will cause the transfer or lease of the 75 NIC Facility to the Agency pursuant to an Amended and Restated Company Lease Agreement (the "75 NIC Company Lease") and the Agency will assist E&B to undertake the 75 NIC Project and will lease or sublease the 75 NIC Facility to E&B pursuant to an Amended and Restated Lease and Project Agreement (the "75 NIC Lease Agreement"), by and between the Agency and E&B pursuant to which E&B agrees, among other things, to make lease payments in such amounts as specified in the 75 NIC Lease Agreement; and

WHEREAS, it is contemplated that the Erwina will cause the transfer or lease of the 91 NIC Facility to the Agency pursuant to a Company Lease Agreement (the "91 NIC

Company Lease” and together with the 75 NIC Company Lease, the “Company Lease”) and the Agency will assist Erwina to undertake the 91 NIC Project and will lease or sublease the 91 NIC Facility to Erwina pursuant to a Lease and Project Agreement (the “91 NIC Lease Agreement” and together with the 75 NIC Lease Agreement, the “Lease Agreement”), by and between the Agency and Erwina pursuant to which Erwina agrees, among other things, to make lease payments in such amounts as specified in the 91 NIC Lease Agreement; and

WHEREAS, the 75 NIC Facility will be subleased by E&B to the Company and the 91 NIC Facility will be subleased by Erwina to the Company pursuant respective sublease agreements; and

WHEREAS, pursuant to each of the Lease Agreements E&B and Erwina have respectively 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; (ii) reviewed the Agency’s written cost benefit analysis for the Project which identifies (A) the extent to which 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) the likelihood of accomplishing the proposed Project in a timely fashion; and (E) 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 respective statements of the E&B and Erwina (collectively the “Owner”) that the Project at the date of the Project Application, as amended, is in substantial compliance with Article 18-A of the General Municipal Law of the State of New York (the “Act”) including Section 862 thereof; and

WHEREAS, it is desired that the Agency authorize the granting of certain financial assistance to the Owner and the Company in connection with the Project and the Facility including exemption from mortgage recording taxes (with respect to the 91 NIC Facility), 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 an aggregate capital investment which includes acquisition and renovation of the 91 NIC Facility, renovation of the 75 NIC Facility and equipment purchases and installation at each Facility aggregating approximately \$10,967,000.

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

(d) The Company currently employs in the aggregate 130 employees at its existing facility in the Town located at 75 North Industry Court in Deer Park, New York (the "Existing Facility") three years after acquisition of the 91 NIC Facility the Company will employ 136 employees. The average annual salary of employees at the Facility is approximately \$170,480 for management employees, \$92,646 for supervisory employees, \$76,307 for administrative employees, and \$42,981 for production employees including fringe benefits. The average annual salary at the Company is \$47,892.

(e) The Project and the Facility will have a positive impact on regional wealth factors due to the Company's overseas sales.

(f) The Project will not have a significant effect on in-region purchases.

(g) The Project will have a positive effect on research and development given the Company's business of manufacture and development of over-the-counter pharmaceuticals and nutraceuticals.

(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 75 NIC Facility is located within 500 feet of the 91 NIC Facility. The Project and the Facility will enable to the Company to create a corporate campus in Deer Park which will support the Company's projected manufacturing and employee growth. Without the financial assistance of the Agency, the Company would not proceed with the Project or expansion of facilities in the Town but would seek a short term solution for the expanded production needs. Undertaking the Project by the Agency will assist in retaining and expanding the Company's operations in the Town.

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 mortgage recording tax abatements (with respect to the 91 NIC Facility), real property tax abatements and sales and use tax abatements (collectively the "Financial Assistance") by the Agency with respect to the Facility and the Project pursuant to the Act, will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of the Town 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 the Financial Assistance to the Company in the form of New York State and local Sales and Use Tax abatements in an amount not to exceed \$107,318.25 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 Facility pursuant to the Company Lease, assist the Owner to undertake the Project and sublease the Facility to the Owner pursuant to the Lease Agreement.

Section 4. Pursuant to the Lease Agreement, the Owner 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 Owner 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 to Erwina by a mortgage lender acceptable to the Chief Executive Officer ("CEO") or the Chief Financial Officer ("CFO") of the Agency or any other authorized representative with respect to the 91 NIC Project, 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 91 NIC Lease Agreement, from the Agency and Erwina 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 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 including the CFO, 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 the CFO of the Agency or any other

authorized representative of the Agency shall upon advice of counsel approve. The execution thereof by the CEO or the CFO of the Agency or any other authorized representative 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 10. 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 and the Lease 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 Owner and 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.

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

I, Paulette L. Moses, 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 remotely on December 16, 2020 through a video conference link and a call-in number pursuant to Executive Order 202.1 (2020), issued by the Governor of the State of New York, 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 16th day of December, 2020.

Paulette L. Moses
Secretary

(SEAL)

