

RESOLUTION OF THE TOWN OF BABYLON INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, RENOVATION AND EQUIPPING OF A CERTAIN FACILITY FOR ALFA PIPING CORP. (THE "OPERATING COMPANY") AND VERDI MANAGEMENT LLC (THE "REAL ESTATE HOLDING 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 Alfa Piping Corp. (the "Operating Company") and Verdi Management LLC (the "Real Estate Holding Company"), on behalf of themselves and/or entities formed or to be formed on behalf of the foregoing, the Operating Company and the Real Estate Holding Company have requested that the Agency undertake a project (the "Project") consisting of the following: (A)(1) the acquisition of an interest in approximately 0.7 acres of real estate located at 71-75 Verdi Street, Farmingdale (Tax Map #0100-095.00-04.00-008.002), in the Town of Babylon, Suffolk County, New York (the "Land"), the renovation of an approximately 20,000 square foot building located on the Land (the "Improvements") and the acquisition and installation therein of certain equipment and personal property not part of the Equipment (as such term is defined herein) (the "Facility Equipment"; and, together with the Land and the Improvements, the "Company Facility"), which Company Facility is to be leased and subleased by the Agency to the Real Estate Holding Company and further subleased by the Real Estate Holding Company to the Operating Company; and (2) the acquisition and installation of certain equipment and personal property (the "Equipment", and together with the Company Facility, the "Facility"), which Facility will be used by the Operating Company as an office, fabrication and warehouse facility for its business as an HVAC/mechanical contractor for industrial and commercial installations and specializing in steamfitting services; (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, transfer taxes, mortgage recording taxes (except as limited by Section 874 of the Act) and real property taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Company Facility to the Real Estate Holding Company or such other person as may be designated by the Real Estate Holding Company and agreed upon by the Agency and the lease

(with an obligation to purchase) or sale of the Equipment to the Operating Company or such other person as may be designated by the Operating Company and agreed upon by the Agency; and

WHEREAS, representatives of the Real Estate Holding Company and the Operating 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 Real Estate Holding Company and the Operating Company to proceed with the Project within the Town it appears necessary for the Agency to assist the Real Estate Holding Company and the Operating Company by taking a leasehold interest in the Facility so as to afford the Real Estate Holding Company and the Operating Company certain relief from mortgage recording taxation (to the extent requested), 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 January 11, 2019 to the chief executive officers of the County of Suffolk, the Town of Babylon, the Farmingdale Public Schools and the Farmingdale Public Library (collectively, the “Affected Tax Jurisdictions”), (B) caused notice of the Public Hearing to be published on January 12, 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 January 22, 2019 at 10:00 a.m. at the offices of the Agency, 47 West Main Street, Babylon, New York, and (D) prepared a report of the Public Hearing (the “Report”) which fairly summarized the views presented at said public hearing and distributed same to the members of the Agency; and

WHEREAS, the Agency caused to be mailed on January 18, 2019 a letter to the City of New York and the Borough of Queens (the “Current Municipalities”) notifying the Current Municipalities that the Operating Company currently leases 54-15 48th Street, Maspeth, New York 11378 (the “Current Facility”) and that the Operating Company has informed the Agency that the Operating Company will “abandon” (as such term is used in Section 859-a(5)(d)) the Current Facility upon completion of the Project; 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 Real Estate Holding 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 Real Estate Holding Company; (B) a lease and project agreement (and a memorandum thereof) (the “Lease Agreement”) by and between the Agency and the Real Estate Holding Company, and agreed to and accepted by the Operating Company, pursuant to which, among other things, the Real Estate Holding Company agrees to undertake and complete the Project as agent of the Agency and the Real Estate Holding Company further agrees to lease the Company 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; (C) an agency compliance agreement (the “Agency Compliance Agreement”) by and between the Agency and the Operating Company, pursuant to which the

Operating Company will agree to lease that Equipment from the Agency; and (D) various other documents and certificates relating to the Project (the "Other Documents" and, collectively with the Company Lease, the Lease Agreement and the Agency Compliance Agreement, the "Agency Documents"); and

WHEREAS, in connection with the Project, (A) the Real Estate Holding Company will execute and deliver to the Agency a bill of sale (the "Bill of Sale to Agency"), which conveys from the Real Estate Holding Company to the Agency all right, title and interest of the Real Estate Holding Company in the Facility Equipment; and (B) the Operating Company will execute and deliver to the Agency a bill of sale (the "Operating Company Bill of Sale to Agency"), which conveys from the Operating Company to the Agency all right, title and interest of the Operating Company in the Equipment; and

WHEREAS, as security for the Loan (as such term is defined in the Lease Agreement), the Agency and the Real Estate Holding Company will execute and deliver to a lender or lenders to be determined (the "Lender"), one or more mortgages, assignments of leases and rents and such other loan documents satisfactory to the Agency, upon advice of counsel, in both form and substance, as may be reasonably required by the Lender, to be dated a date to be determined (collectively, the "Loan Documents") in connection with the financing, refinancing or permanent financing of the costs of acquiring, renovating, reconstructing and equipping of the Facility; 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 Real Estate Holding Company and the Operating 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 Real Estate Holding Company and the Operating 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 Real Estate Holding Company and the Operating Company is reasonably necessary to induce the Real Estate Holding Company and the Operating Company to maintain and expand their business operations in the Town and in the State; and

(E) Based upon representations of the Real Estate Holding Company, the Operating Company and counsel to the Real Estate Holding Company and the Operating 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) Although the completion of the Facility will result in the removal of a plant or facility of the Operating 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 Operating Company or of any proposed occupant of the Facility located in the State, the Project is reasonably necessary to discourage the Operating Company from removing such other plant or facility to a location outside the State of New York and is reasonably necessary to preserve the competitive position of the Operating Company in its respective industry; 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 the Real Estate Holding Company pursuant to the Company Lease, (ii) title to the Facility Equipment pursuant to the Bill of Sale to Agency from the Real Estate Holding Company to the Agency, and (iii) title to the Equipment pursuant to the Operating Company Bill of Sale to Agency from of the Operating Company to the Agency; (C) lease the Company Facility to the Real Estate Holding Company pursuant to the Lease Agreement; (D) lease the Equipment to the Operating Company pursuant to the Agency Compliance Agreement; (E) acquire, construct, reconstruct and install the Project, or cause the Project to be acquired, constructed, reconstructed, and installed, as provided in the Lease Agreement; (F) grant to the Real Estate Holding Company exemptions from real estate taxes with respect to the Company Facility, provided that the Real Estate Holding Company executes and delivers to the Agency the Lease Agreement; (G) grant to the Lender such mortgage lien on and security interest in its interest in

the Facility and assign to the Lender all leases and rents with respect to the Facility, in each case as required by the Lender and the Loan Documents; and (H) grant to the Real Estate Holding Company and the Operating 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 the Loan 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 Real Estate Holding Company and the Operating Company, as agents 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 Real Estate Holding Company and the Operating 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 \$14,231 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 mortgage recording tax exemption benefits comprising the Financial Assistance approved herein shall be for a mortgage or mortgages in an aggregate amount not to exceed for \$2,583,750.

Section 9. 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 10. This resolution shall take effect immediately upon adoption.


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

I, 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 January 23, 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 23 day of January, 2019.



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	44.0% Normal Tax Due on X
3	48.0% Normal Tax Due on X
4	52.0% Normal Tax Due on X
5	56.0% Normal Tax Due on X
6	60.0% Normal Tax Due on X
7	64.0% Normal Tax Due on X
8	68.0% Normal Tax Due on X
9	72.0% Normal Tax Due on X
10	76.0% Normal Tax Due on X
11	80.0% Normal Tax Due on X
12	84.0% Normal Tax Due on X
13	88.0% Normal Tax Due on X
14	92.0% Normal Tax Due on X
15	96.0% Normal Tax Due on X
16 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.

*The foregoing schedule is subject to an existing lease with the current owner and Preferred Events Inc. terminating March 31, 2022.