

RESOLUTION GRANTING APPROVAL OF AND AUTHORIZING THE GRANT OF CERTAIN FINANCIAL ASSISTANCE BY THE TOWN OF BABYLON INDUSTRIAL DEVELOPMENT AGENCY TO XPND REALTY COMPANY LLC, NYXL REALTY, LLC, RICO CORPORATION, D’ADDARIO REALTY COMPANY, LLC AND D’ADDARIO & COMPANY, 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, New York (the “Town”); and

WHEREAS, the Agency has previously entered into certain straight lease transactions (as that term is defined under the Act) with each of (i) D’Addario & Company, Inc. (the “Company”), a corporation organized and existing under the laws of the State of New York, (ii) Minmilt Realty Corp. (“Minmilt Realty”), a corporation organized and existing under the laws of the State of New York, (iii) D’Addario Realty Company LLC (“D’Addario Realty”), a limited liability company organized and existing under the laws of the State of New York, (iv) NYXL Realty, LLC (“NYXL”), a limited liability company organized and existing under the laws of the State of New York, and (v) XPND Realty Company LLC (“XPND”), a limited liability company organized and existing under the laws of the State of New York, in order to provide financial assistance with respect to certain projects (the “Original Projects”) located at the Facilities (defined below) consisting of the acquisition, construction, demolition, reconstruction and/or renovation of manufacturing, warehouse and distribution facilities and the installation of certain equipment and personal property thereon all for use by the Company in its business as a manufacturer of musical instrument accessories; strings for musical instruments, drumsticks, drumheads, reeds and mouthpieces for clarinets and saxophones as well as other accessory products; and

WHEREAS, representatives of (i) the Company, (ii) Rico Corporation (“Rico”), a corporation organized and existing under the laws of the State of California, (iii) D’Addario Realty, (iv) NYXL, and (v) XPND, 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) with respect to Rico, the acquisition, renovation and equipping of an approximately 46,025 square foot manufacturing, warehouse and distribution facility located at 540 Smith Street (the “Rico Facility”); (ii) with respect to D’Addario Realty, certain renovations and equipment expenditures to be undertaken at a 107,462 square foot manufacturing facility located at 595 Smith Street (the “D’Addario Realty Facility”); (iii) with respect to NYXL, the renovation and equipping of (A) an approximately 21,895 square foot manufacturing, warehouse and distribution facility located at 525 Smith Street and (B) an approximately 18,892 square foot manufacturing, warehouse and distribution facility located at 535 Smith Street (collectively the “NYXL Facility”); (iv) with respect to the Company, the renovation, equipping and construction of an approximately 14,700 square foot addition to a manufacturing, warehouse, distribution and printing facility located at 590 Smith Street, (the

“D’Addario Inc. Facility”); and (v) with respect to XPND, the renovation and equipping of a an approximately 21,907 square foot manufacturing, warehouse and distribution facility located at 160 Finn Court (the “XPND Facility” and together with the Rico Facility, the D’Addario Realty Facility, the NYXL Facility and the D’Addario Inc. Facility, collectively, the “Facilities”), all for use by the Company in its business as a manufacturer of musical instrument accessories; strings for musical instruments, drumsticks, drumheads, reeds and mouthpieces for clarinets and saxophones as well as other accessory products; and

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

WHEREAS, it is contemplated that the Agency will (A) (i) with respect to the Rico Facility, transfer by deed the land and the improvements thereon to Minmilt Realty, (ii) with respect to the D’Addario Realty Facility, transfer by deed the land and the improvements thereon to D’Addario Realty and (iii) with respect to the D’Addario Inc. Facility, transfer by deed the land and the improvements thereon to the Company, (B) the Owners will cause or continue the lease of the Facilities to the Agency each pursuant to a Company Lease Agreement or an Amended and Restated Company Lease Agreement (collectively, the “Company Leases”) and the Agency will assist the Owners to undertake the Project and will cause or continue the lease or sublease of the Facilities to the Owners each pursuant to a Lease and Project Agreement or an Amended and Restated Lease and Project Agreement (collectively, the “Lease Agreements”), by and between each of 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 Agreements; and

WHEREAS, it is further contemplated that XPND, D’Addario Realty, NYXL and Rico will each cause or continue to sublease the XPND Facility, the D’Addario Realty Facility, the NYXL Facility and the Rico Facility, respectively, to the Company each pursuant to a separate Sublease Agreement or Amended and Restated Sublease Agreement (collectively, the “Sublease Agreements”) by and between each of XPND, D’Addario Realty, NYXL and Rico 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 Agreements; and

WHEREAS, pursuant to the Lease Agreements 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 are 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 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 Facilities including exemption from New York State and local Sales and Use Taxes, mortgage recording taxes (if any) and real property 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/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 Owners proposes a capital investment in the land, building renovation, machinery and equipment and capital improvements in the Facilities of approximately \$15,781,352.

(c) The wage rates for the approximately seven hundred and thirty-six (736) full-time employees at the Facilities average \$206,712 per year for management positions, \$111,613 per year for professional positions, \$53,106 per year for administrative positions, \$39,839 per year for production positions, \$84,033 per year for supervisor positions and \$40,328 per year for other positions.

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

(e) The Company sells its products both domestically and internationally throughout the U.S., Asia and Europe and the Project will have a positive impact on regional wealth creation.

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

(g) The Project will create further research and development opportunities at the Company with respect to its manufacture of musical instrument strings and related accessories.

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

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

(j) The Project is important to the retention of a significant employer of the Town. The Company currently employs seven hundred and thirty-six (736) full-time equivalent employees and will create an additional sixty (60) full-time equivalent jobs within the Town by the first anniversary of the completion of the Project. The Company manufactures its ProMark drumsticks at its Houston, Texas, facility and reeds and mouthpieces at its California manufacturing plant. Besides being approached by representatives from Texas, it has had discussions with representatives from Tennessee and North Carolina to relocate and/or consolidate its operations and corporate offices in foregoing respective jurisdictions. Securing benefits for the Project will allow the Company to relocate its California based woodwinds manufacturing facility to the Town, grow its business, keep ahead of its domestic and international competitors and enhance its footprint 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 real property tax abatements, sales and use tax abatements and mortgage recording tax abatements (if any) (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 the Financial Assistance to the Owners with respect to the Project and the Facilities.

(c) The Agency shall grant Financial Assistance to the Owners in the form of New York State and local Sales and Use Tax abatements in a maximum amount not to exceed \$60,375 as provided in Section 5.2 of the Lease Agreements and in the event of the occurrence of a recapture event under the Lease Agreements the Agency will pursue recapture of the Financial Assistance as provided in Section 5.4 of the Lease Agreements.

Section 3. To accomplish the purposes of the Act, the Agency shall take or continue to hold leasehold title to each of the Facilities pursuant to the Company Leases, assist the Owners to undertake the Project and sublease or continue to sublease the Facilities to the Owners pursuant to the Lease Agreements and each of XPND, D’Addario Realty, NYXL and Rico will further sub-sublease or continue to sub-sublease the XPND Facility, the D’Addario Realty Facility, the NYXL Facility and the Rico Facility, respectively, to the Company pursuant to the Sublease Agreements.

Section 4. Pursuant to the Lease Agreements, the Owners will make certain payments in lieu of real property taxes 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 Agreements.

Section 6. In order to secure amounts to be loaned by any 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 Facilities, the Agency hereby authorizes the execution of one or more mortgages (if any) (collectively, the “Mortgages”) granted at the initial closing of the “straight lease” transaction or any time thereafter during the term of the Lease Agreements, 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 Agency is hereby authorized to (i) with respect to the Rico Facility, transfer by deed the land and the improvements thereon to Minmilt Realty, (ii) with respect to the D’Addario Realty Facility, transfer by deed the land and the improvements thereon to D’Addario Realty and (iii) with respect to the D’Addario Inc. Facility, transfer by deed the land and the improvements thereon to the Company.

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

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

Section 10. The form and substance of the Sublease Agreements in substantially the form previously approved by the Agency for other “straight lease” transactions is hereby approved.

Section 11. Thomas E. Dolan, as CEO of the Agency 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 Leases, Lease Agreements, Mortgages, Sales Tax Agent Authorization Letters, deeds 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 12. 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 Leases, the Lease Agreements and the Sublease Agreements 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 13. 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 14. 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 15. 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 16. The law firm Katten Muchin Rosenman LLP is hereby appointed transaction counsel to the Agency for this transaction.

Section 17. Notwithstanding the foregoing, the Agency will not grant any Financial Assistance to be granted hereunder in excess of \$100,000 to the Owners 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 18. 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: March 20, 2024