

**RESOLUTION OF THE TOWN OF BABYLON
INDUSTRIAL DEVELOPMENT AGENCY TAKING
PRELIMINARY OFFICIAL ACTION TOWARD THE
ACQUISITION, RENOVATION, RECONSTRUCTION AND
EQUIPPING OF A CERTAIN FACILITY FOR P & M, LLC
AND SEFI REALTY 2025 LLC AND AUTHORIZING THE
EXECUTION AND DELIVERY OF A PRELIMINARY
AGREEMENT WITH RESPECT TO SUCH TRANSACTION.**

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, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install "projects" (as defined in the Act) or to cause said projects to be acquired, constructed, reconstructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, P & M, LLC (the "Operating Company") and Sefi Realty 2025 LLC (the "Real Estate Holding Company"), on behalf of themselves and/or entities formed or to be formed on behalf of the foregoing, have submitted an application (the "Application") to the Agency, a copy of which was presented at this meeting and copies of which are on file at the office of the Agency, requesting that the Agency consider undertaking a project (the "Project") on behalf of the Real Estate Holding Company and the Operating Company consisting of the following: (A) the acquisition of an interest in approximately 1.78 acres of real estate located at 11 Ranick Drive South, Amityville (Tax Map #0101-04.00-01.00-038.000) in the Village of Amityville, Town of Babylon, Suffolk County, New York (the "Land"), the acquisition, renovation, reconstruction, equipping and furnishing of an existing approximately 42,000 square foot building located on the Land (the "Improvements"), and the acquisition and installation therein and thereon 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 for its business as a manufacturer of stainless steel equipment for the food service industry and no more than 20% of which Facility may be further subleased by the Company to one or more third-party tenants for warehousing and related uses permitted under the

Act; (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 mortgage recording taxes (except as limited by Section 874 of the Act), transfer taxes 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, the Agency desires to encourage the Real Estate Holding Company and the Operating Company to preserve and advance the job opportunities, health, general prosperity and economic welfare of the people of the Town of Babylon, New York by undertaking the Project in the Town of Babylon, New York; and

WHEREAS, pursuant to the Act, any approval of the Project contained herein is contingent upon a determination by the members of the Agency to proceed with the Project following satisfaction of the public hearing and notice requirements and other procedural requirements contained in Section 859-a of the Act that relate to the Project; and

WHEREAS, although the resolution authorizing the Project has not yet been drafted for approval by the Agency, a preliminary agreement (the "Preliminary Agreement") relative to the undertaking of the proposed Project by the Agency has been presented for approval by the Agency; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act"), and the regulations (the "Regulations") adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, "SEQRA"), the Agency must determine the potential environmental significance of the Project; and

WHEREAS, to aid the Agency in determining whether the action described above may have a significant adverse impact upon the environment, the Real Estate Holding Company and the Operating Company prepared an Environmental Assessment Form (the "EAF"), a copy of which is on file at the office of the Agency; and

WHEREAS, the Agency has examined and reviewed the EAF in order to classify the action and make a determination as to the potential significance of the action pursuant to SEQRA;

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

Section 1. Based upon an examination of the EAF, the criteria contained in 6 NYCRR § 617.7(c), and based further upon the Agency's knowledge of the action and its environmental effects as the Agency has deemed appropriate, the Agency makes the following findings and determinations pursuant to SEQRA:

(i) The action consists of the components described above in the third WHEREAS clause of this resolution; and

(ii) The action constitutes a "Type II Action" (as said quoted term is defined in SEQRA) and therefore no further environmental review is required under SEQRA.

Section 2. The Agency has reviewed the Application and the representations made by the Real Estate Holding Company and the Operating Company to the Agency in the Application and, based thereon, the Agency hereby makes the following findings and determinations with respect to the Project:

(A) The Project constitutes a "project" within the meaning of the Act; and

(B) Although the completion of the Facility will result in the removal of a plant or facility of the Operating Company from one area of the State of New York to another area of the State of New York or in the abandonment of a plant or facility of the Operating Company located in the State of New York, 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

(C) 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; and

(D) The granting of the Financial Assistance by the Agency with respect to the Project will promote the job opportunities, health, general prosperity and 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; and

(E) Upon compliance with the provisions of the Act, the Agency would then be authorized under the Act to undertake the Project in order to promote the job opportunities, health, general prosperity and economic welfare of the inhabitants of Town of Babylon, New York and the State of New York and improve their standard of living.

Section 3. If, following full compliance with the requirements of the Act, including the requirements set forth in Section 859-a of the Act, (i) the Agency confirms the findings contained in Section 2 of this Resolution, (ii) the Agency adopts a future resolution (the "Future Resolution") determining to proceed with the Project and to grant the Financial Assistance with respect thereto, and (iii) the Real Estate Holding Company and the Operating Company comply with all conditions set forth in the Preliminary Agreement and the Future Resolution, then the Agency will (A) acquire an interest in the Facility from the Real Estate Holding Company and the Operating Company pursuant to one or more deeds, lease agreements, licenses or other documentation to be negotiated among the Agency, the Real Estate Holding Company and the Operating Company (the "Acquisition Agreement"); (B) appoint the Real Estate Holding Company and the Operating Company to act as agents for the Agency to renovate the Facility and acquire and install the

Equipment in the Facility; (C) lease (with the obligation to purchase) or sell the Facility to the Real Estate Holding Company and the Operating Company pursuant to one or more lease agreements or installment sale agreements (hereinafter, the "Lease Agreement") between the Agency and the Real Estate Holding Company and agreed to and accepted by the Operating Company whereby the Real Estate Holding Company and the Operating Company will be obligated, among other things, to pay all costs incurred by the Agency with respect to the Project and/or the Facility, including all costs of operation and maintenance, all taxes and other governmental charges, and all reasonable fees and expenses incurred by the Agency with respect to or in connection with the Project and/or the Facility; and (D) provide the Financial Assistance with respect to the Project, including (1) exemption from mortgage recording taxes (except as limited by Section 874 of the Act) with respect to any documents recorded by the Agency with respect to the Project in the office of the County Clerk of Suffolk County, New York, (2) exemption from deed transfer taxes on real estate transfers to and from the Agency with respect to the Project, and (3) exemption from real property taxes subject to execution of an agreement authorizing payments in lieu of tax satisfactory to the Agency, all as contemplated by the Preliminary Agreement and the Future Resolution.

Section 4. If the Agency adopts the Future Resolution, the granting of the Financial Assistance with respect to the Project by the Agency, as contemplated by Section 3 of this Resolution shall be subject to: (A) execution and delivery by the Real Estate Holding Company and the Operating Company of the Preliminary Agreement, which sets forth certain conditions for the undertaking and completing of the Project by the Agency, and satisfaction by the Real Estate Holding Company and the Operating Company of all the terms and conditions of the Preliminary Agreement applicable to the Real Estate Holding Company and the Operating Company; (B) agreement by the Agency, the Real Estate Holding Company and the Operating Company on mutually acceptable terms for the conveyance of an interest in the Facility to the Agency; (C) agreement among the Agency, the Real Estate Holding Company and the Operating Company as to payment by the Real Estate Holding Company and the Operating Company of the administrative fee of the Agency and the fees of counsel to the Agency with respect to the Project; (D) a determination by the members of the Agency to proceed with the granting of the Financial Assistance with respect to the Project following a determination by the members of the Agency that the public hearing and notice requirements and other procedural requirements contained in Section 859-a of the Act have been complied with; (E) if any portion of the Financial Assistance to be granted by the Agency with respect to the Project is not consistent with the Agency's uniform tax exemption policy, a determination by the members of the Agency that the procedures for deviation from such policy set forth in Section 874(4)(b) of the Act have been complied with; and (F) the following additional condition(s): None.

Section 5. The form, terms and substance of the Preliminary Agreement (in substantially the form used for similar Agency transactions) are in all respects approved, and the Chairman, the Vice Chairman, the Chief Executive Officer ("CEO") or the Chief Financial Officer ("CFO") of the Agency (each an "Authorized Representative") are hereby authorized, empowered and directed to execute and deliver said Preliminary Agreement in the name and on behalf of the Agency, said Preliminary Agreement to be substantially in the form used for similar Agency transactions, with such changes therein as shall be approved by the Authorized Representative executing same on behalf of the Agency, the execution thereof by such Authorized Representative to constitute

conclusive evidence of such Authorized Representative's approval of any and all changes or revisions therein from the form now before this meeting.

Section 6. From and after the execution and delivery of the Preliminary Agreement, the officers, agents and employees of the Agency are hereby authorized, empowered and directed to proceed with the undertakings provided for therein on the part of the Agency and are further authorized to do all such acts and things and to execute all such documents as may be necessary or convenient to carry out and comply with the terms and provisions of the Preliminary Agreement as executed.

Section 7. The Real Estate Holding Company and the Operating Company are hereby authorized to conduct such environmental, engineering, economic, feasibility and other studies and preliminary planning and budgetary processes necessary or convenient to enable the Agency to make its final determination whether to approve the Project. The officers, agents and employees of the Agency are hereby directed to proceed to do such things or perform such acts as may allow the Agency to proceed to its final consideration of the Project. This Resolution shall not be deemed to constitute a commitment by the Agency to grant the Financial Assistance with respect to the Project, except upon satisfaction of the requirements set forth in Section 4 hereof and in the Preliminary Agreement.

Section 8. The Agency hereby authorizes the CEO or any other Authorized Representative of the Agency, prior to the granting of any Financial Assistance with respect to the Project, after consultation with counsel to the Agency, (A) to establish a time, date and place for a public hearing of the Agency to hear all persons interested in the location and nature of the Facility and the proposed Financial Assistance being contemplated by the Agency with respect to the Project, said public hearing to be held in the city, town or village where the Facility will be located; (B) to cause notice of such public hearing to be given to the public by publishing a notice of such hearing in a newspaper of general circulation available to residents of the governmental units where the Facility is to be located, such notice and publication to comply with the requirements of Section 859-a of the Act; (C) to cause notice of said public hearing to be given to the chief executive officer of the county and each city, town, village and school district in which the Facility is or is to be located; (D) to conduct such public hearing; and (E) to cause a report of said public hearing fairly summarizing the views presented at a public hearing to be promptly prepared and cause copies of said report to be made available to the members of the Agency.

Section 9. The Preliminary Agreement shall be deemed the obligations of the Agency, and not of any member, officer, agent or employee of the Agency in his/her individual capacity, and the members, officers, agents and employees of the Agency shall not be personally liable thereon or be subject to any personal liability or accountability based upon or in respect hereof or of any transaction contemplated hereby. The Preliminary Agreement shall not constitute or give rise to an obligation of the State of New York or the Town of Babylon, New York and neither the State of New York nor the Town of Babylon, New York shall be liable thereon, and further, such agreement shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency.

Section 10. The Agency hereby authorizes the CEO or any other Authorized Representative of the Agency, prior to the granting of any Financial Assistance with respect to the

Project, if the Project involves the removal or abandonment of a facility or plant within the State, after consultation with counsel to the Agency, to cause any required notification by the Agency to the chief executive officer or officers of the municipality or municipalities in which such facility or plant was located, such notification to comply with the requirements of Section 874(5)(d) of the Act.

Section 11. The CEO or any other Authorized Representative of the Agency are each hereby authorized and directed to (A) (i) distribute copies of this Resolution to the Real Estate Holding Company and the Operating Company and (ii) deliver or cause to be delivered a copy of this Resolution by certified mail, return receipt requested or an electronic correspondence with a read-receipt, to the chief executive officer of each affected local taxing jurisdiction (including the district clerk and district superintendent of each affected school district), such delivery to comply with the requirements of Section 859-a of the Act; and (B) to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

Section 12. Barclay Damon LLP is hereby appointed transaction counsel to the Agency with respect to all matters in connection with the Project. Transaction counsel for the Agency is hereby authorized, at the expense of the Real Estate Holding Company and the Operating Company, to work with the Real Estate Holding Company and the Operating Company, Counsel to the Real Estate Holding Company and the Operating Company, counsel to the Agency and others to prepare, for submission to the Agency, all documents necessary to effect the authorization of the transactions contemplated by this Resolution.

Section 13. This resolution shall take effect upon adoption.