RESOLUTION GRANTING APPROVAL OF AND AUTHORIZING THE GRANT OF CERTAIN FINANCIAL ASSISTANCE BY THE TOWN OF BABYLON INDUSTRIAL DEVELOPMENT AGENCY TO A.J. RICHARD & SONS, INC. AND P.C. RICHARD & SON LONG ISLAND CORPORATION IN CONNECTION WITH THE RENOVATION AND RE-EQUIPPING OF MANUFACTURING, WAREHOUSING 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, on February 28, 2017 the Agency entered into a straight lease transaction (as that term is defined under the Act) with the Owner (defined below) for the benefit of the Company (defined below) in order to provide financial assistance with respect to a project (the "**Original Project**") consisting of the renovation and equipping of (i) an approximately 625,000 square foot building located on that certain approximately 22.85 acre lot, piece or parcel of land located at 150 Price Parkway in Farmingdale, New York (the "**Existing 150 Price Parkway Facility**"), (ii) an approximately 267,015 square foot building located on that certain approximately 12.2 acre lot, piece or parcel of land located at 105 Price Parkway in Farmingdale, New York (the "**Existing 105 Price Parkway Facility**"), (iii) an approximately 80,000 square foot building located on that certain approximately 11.8 acre lot, piece or parcel of land located at 200 Price Parkway in Farmingdale, New York (the "**Existing 200 Price Parkway Facility**" and, together with the Existing 150 Price Parkway Facility and the Existing 105 Price Parkway Facility, the "**Existing Price Parkway Facilities**") and (iv) an approximately 180,000 square foot building located on that certain approximately 8.7 acre lot, piece or parcel of land located at 470 Commack Road in Deer Park New York (the "**Existing Commack Road Facility**" and, together with the Existing Price Parkway Facilities, the "**Existing Facilities**"), all for use by the Company as warehousing, distribution, training, repair and corporate facilities; and

WHEREAS, representatives of P.C. Richard & Son Long Island Corporation, a New York corporation, on behalf of itself and/or the principals of P.C. Richard & Son Long Island Corporation, and/or any entity or entities formed on behalf of P.C. Richard & Son Long Island Corporation or any of the foregoing (collectively, the "**Company**") and A.J. Richard & Sons, Inc., a New York corporation, on behalf of itself and/or the principals of A.J. Richard & Sons, Inc., and/or any entity or entities formed on behalf of A.J. Richard & Sons, Inc., or any other real estate holding company created in connection with the foregoing or any of the foregoing (collectively, the "**Owner**") have filed or caused to be filed an application with the Town of Babylon Industrial Development Agency (the "**Agency**") concerning a new project (the "**Project**") consisting of the renovation and re-equipping of the Existing Facilities (the "**Facilities**"), all for use by the Company as warehousing, distribution, training, repair and corporate facilities; and

WHEREAS, in order to induce the Company to retain and grow additional jobs in the Town, it appears necessary for the Agency to assist the Company by taking leasehold title to or undertaking control of the Facilities so as to afford the Company or the Owner 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 Owner will continue to lease the Facilities to the Agency pursuant to an Amended and Restated Company Lease Agreement (the "**Company Lease**") and the Agency will assist the Owner and the Company to undertake the Project and will continue to sublease the Facilities to the Owner pursuant to an Amended and Restated Lease and Project Agreement (the "**Lease Agreement**"), by and between the Owner and the Agency pursuant to which the Owner agrees, among other things, to make lease payments in such amounts as specified in the Lease Agreement; and

WHEREAS, it is further contemplated that the Owner will further sublease the Facilities to the Company pursuant to an Amended and Restated Sublease Agreement (the "**Sublease Agreement**") by and between the Owner 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 Agreement; and

WHEREAS, pursuant to the Lease Agreement the Owner has 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 and Owner'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 and Owner have confirmed in such Project Application that as of the date of the Project Application, as amended, the Company and Owner are in substantial compliance with the Act; and

WHEREAS, it is desired that the Agency authorize the granting of certain financial assistance to the Company or the Owner in connection with the Project and the Facilities including exemption from 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 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 Company proposes a capital investment in the building, site work, renovation, machinery and equipment and capital improvements in the Facilities of approximately $6,500,000.

(c) The wage rates for the approximately 728 full-time and 6 part-time employees at the Facilities average $134,000 per year for management positions, $104,000 per year for professional positions, $51,000 per year for administrative positions, $84,000 per year for technician positions and $51,000 per year for laborer positions.

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

(e) The Project will not have a significant effect on in-region purchases or research and development.

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

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

(h) The Project is important to the retention of a significant employer of the Town. The Company currently employs 728 full-time and 6 part-time employees. If the Company does not receive financial assistance from the Agency the Company is considering relocating its current operations in the Town to New Jersey where the Company has warehousing facilities, which would achieve substantial costs savings for the Company.

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 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 the Financial Assistance to the Company and the Owner with respect to the Facilities.

(c) The Agency shall grant Financial Assistance to the Company and the Owner in the form of New York State and local Sales and Use Tax abatements in a maximum aggregate amount not to exceed $300,000 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 continue to hold leasehold title to the Facilities pursuant to the Company Lease, assist the Company and the Owner to undertake the Project, sublease the Facilities to the Owner pursuant to the Lease Agreement and the Owner will further sublease the Facilities to the Company pursuant to the Sublease 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 Facilities.

Section 5. In order to provide the Company and 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. The form and substance of the Company Lease in substantially the form previously executed for other "straight lease" transactions is hereby approved.

Section 7. The form and substance of the Lease Agreement in substantially the form previously executed for other "straight lease" transactions is hereby approved.

Section 8. The form and substance of the Sublease Agreement in substantially the form previously executed for other "straight lease" transactions is hereby approved.

Section 9. Keith Davies, as Chief Executive Officer ("**CEO**") 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 Lease, Lease Agreement, 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 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 the Chief Financial Officer ("**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, the Lease Agreement and the Sublease 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 Company or the Owner 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. In accordance with the State Environmental Quality Review Act and pursuant to Title 6 NYCRR Part 617, it is determined by the Agency that the Project, a proposed action, be classified as an Unlisted Action. The proposed action does not appear to exceed any of the criteria outlined in Title 6 NYCRR Part 617.7 which sets forth thresholds for determining significant effects on the environment. Therefore, based on the information contained within the Environmental Assessment Form filed with the Project Application and associated Project documentation, the Agency makes a determination of non-significance with respect to the Project.

Section 17. This resolution shall take effect immediately.