

Date: November 15, 2017

At a meeting of the Town of Brookhaven Industrial Development Agency (the “Agency”), held on the 15th day of November, 2017, at 1 Independence Hill, 3rd Floor, Farmingville, New York 11738, the following members of the Agency were:

Present: Frederick C. Braun, III
Martin Callahan
Gary Pollakusky
Ann-Marie Scheidt

Recused:

Absent: Felix J. Grucci, Jr.
Michael Kelly
Scott Middleton

Also Present: Lisa M. G. Mulligan, Chief Executive Officer

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to acquisition of a leasehold interest in and title to a certain industrial development facility more particularly described below (35 Sawgrass, LLC/Quality King Distributors, Inc. 2017 Facility) and the leasing of the facility to 35 Sawgrass, LLC for further subleasing to Quality King Distributors, Inc.

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

Voting Aye

Braun
Callahan
Pollakusky
Scheidt

Voting Nay

RESOLUTION OF THE TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE APPOINTMENT OF 35 SAWGRASS, LLC, A DELAWARE LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF 35 SAWGRASS, LLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AND QUALITY KING DISTRIBUTORS, INC., A NEW YORK BUSINESS CORPORATION, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF QUALITY KING DISTRIBUTORS, INC. AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AS AGENTS OF THE AGENCY FOR THE PURPOSE OF ACQUIRING, RENOVATING AND EQUIPPING THE FACILITY, APPROVING THE ACQUISITION, RENOVATION AND EQUIPPING OF SUCH INDUSTRIAL DEVELOPMENT FACILITY AND MAKING CERTAIN FINDINGS AND DETERMINATIONS WITH RESPECT TO THE FACILITY AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 358 of the Laws of 1970 of the State of New York, as amended from time to time (collectively, the “**Act**”), the Town of Brookhaven Industrial Development Agency (the “**Agency**”), was created with the authority and power among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, 35 Sawgrass, LLC, a limited liability company organized and existing under the laws of the State of Delaware and authorized to do business in the State of New York, on behalf of itself and/or the principals of 35 Sawgrass, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”) and Quality King Distributors, Inc., a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Quality King Distributors, Inc. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Sublessee**”), have applied to the Agency to enter into a transaction in which the Agency will assist in (a) the continued leasing of an approximately 37.0 acre parcel of land located at 35 Sawgrass Drive, in the Brookhaven Industrial Park, hamlet of Bellport, Town of Brookhaven, Suffolk County, New York (the “**Land**”), the renovation of an existing approximately 560,000 square foot building thereon (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 by the Agency to the Company, further subleased by the Company to the Sublessee and further subleased by the Sublessee in part to (i) Perfumania Holdings, Inc., a Florida business corporation (“**Perfumania**”), (ii) Model Reorg Acquisition, LLC, a Delaware limited liability company (“**Model Reorg**”), (iii) Pro’s Choice Beauty Care, Inc., a New Jersey

business corporation (“**Pro’s Choice**”), and (iv) QKHealthcare, Inc., a Delaware business corporation (“**QKHealthcare**”; and together with Perfumania, Model Reorg and Pro’s Choice, the “**Sub-Sublessees**”), and (b) the acquisition and installation of certain equipment and personal property (the “**Equipment**”; and together with the Company Facility, the “**Facility**”), which Equipment is to be leased by the Agency to the Sublessee and which Facility is to be used by the Sublessee and the Sub-Sublessees for the warehousing, assembly, repackaging and wholesale distribution of health and beauty and fragrance products (the “**Project**”); and

WHEREAS, the Facility is currently owned by the Agency and leased to the Company and subleased by the Company to the Sublessee and in connection with the Project, it is contemplated that the Agency and the Company will terminate the existing lease structure and reconvey fee title to the Facility from the Agency to the Company; and

WHEREAS, the Agency and the Company will terminate the existing Lease Agreement (the “**Original Lease Agreement**”), pursuant to a certain Termination of Lease Agreement, dated the Closing Date (as defined in the hereinafter defined Lease Agreement) (the “**Termination of Lease Agreement**”), by and between the Agency and the Company; and

WHEREAS, the Agency will reconvey fee title to the Facility to the Company pursuant to (i) a certain Quitclaim Deed, dated the Closing Date (the “**Quitclaim Deed**”), and (ii) a certain Bill of Sale, dated the Closing Date (the “**Agency Bill of Sale**”), each from the Agency to the Company; and

WHEREAS, the Agency, the Company and the Sublessee will agree upon the terms and conditions of the termination of the other documents in connection with the Original Lease Agreement (the “**Original Transaction Documents**”), pursuant to a certain Termination Agreement, dated the Closing Date (the “**Termination Agreement**”), by and among the Agency, the Company and the Sublessee; and

WHEREAS, the Agency will acquire a leasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the “**Company Lease**”), by and between the Company and the Agency; and

WHEREAS, the Agency will acquire title to the Facility Equipment pursuant to a certain Bill of Sale, dated the Closing Date (as defined in the hereinafter defined Lease Agreement) (the “**Bill of Sale**”), from the Company to the Agency; and

WHEREAS, the Agency will sublease and lease the Company Facility to the Company pursuant to a certain Lease and Project Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the “**Lease Agreement**”), by and between the Agency and the Company; and

WHEREAS, the Agency will acquire title to the Equipment pursuant to a certain Equipment Bill of Sale, dated the Closing Date (the “**Equipment Bill of Sale**”), from the Sublessee to the Agency; and

WHEREAS, the Agency will lease the Equipment to the Sublessee pursuant to a certain Equipment Lease Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the “**Equipment Lease Agreement**”), by and between the Agency and the Sublessee; and

WHEREAS, the Sublessee and the Agency will enter into a certain Agency Compliance Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the “**Agency Compliance Agreement**”), whereby the Sublessee will make certain assurances to the Agency with respect to the Facility; and

WHEREAS, Perfumania and the Agency will enter into a certain Tenant Agency Compliance Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the “**Perfumania Tenant Agency Compliance Agreement**”), whereby Perfumania will make certain assurances to the Agency with respect to the Facility; and

WHEREAS, Model Reorg and the Agency will enter into a certain Tenant Agency Compliance Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the “**Model Reorg Tenant Agency Compliance Agreement**”), whereby Model Reorg will make certain assurances to the Agency with respect to the Facility; and

WHEREAS, Pro’s Choice and the Agency will enter into a certain Tenant Agency Compliance Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the “**Pro’s Choice Tenant Agency Compliance Agreement**”), whereby Pro’s Choice will make certain assurances to the Agency with respect to the Facility; and

WHEREAS, QKHealthcare and the Agency will enter into a certain Tenant Agency Compliance Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the “**QKHealthcare Tenant Agency Compliance Agreement**”), whereby QKHealthcare will make certain assurances to the Agency with respect to the Facility; and

WHEREAS, as security for a loan or loans, the Agency and the Company will execute and deliver to a lender or lenders not yet determined (collectively, the “**Lender**”), a mortgage or mortgages, 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, in connection with the financing, any refinancing or permanent financing of the costs of the acquisition, renovation and equipping of the Facility (collectively, the “**Loan Documents**”); and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company and the Sublessee in the form of: (i) exemptions from mortgage recording taxes for one or more mortgages securing the principal amount presently estimated to be \$50,000,000 but not to exceed \$55,000,000 in connection with the financing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping of the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$24,150, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereof), consistent with the policies of the Agency; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, a public hearing (the “**Hearing**”) was held on November 14, 2017 and notice of the Hearing was given and such notice (together with proof of publication) together with the minutes of the Hearing are in substantially in the form annexed hereto as Exhibits A and B respectively; and

WHEREAS, the Agency has given due consideration to the application of the Company, the Sublessee and the Sub-Sublessees and to representations by the Company, the Sublessee and the Sub-Sublessee that the proposed Facility is either an inducement to the Company, the Sublessee and the Sub-Sublessees to maintain and expand the Facility in the Town of Brookhaven or is necessary to maintain the competitive positions of the Company, the Sublessee and the Sub-Sublessees in their respective industries; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, the “**SEQR Act**” or “**SEQR**”), the Agency constitutes a “State Agency”; and

WHEREAS, to aid the Agency in determining whether the Facility may have a significant effect upon the environment, the Company previously prepared and submitted to the Agency with their application for assistance certain materials (the “**Questionnaire**”) with respect to the Facility; and

WHEREAS, the Questionnaire has been reviewed by the Agency; and

WHEREAS, the Company, the Sublessee and the Sub-Sublessees have agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transaction contemplated by the leasing of the Facility by the Agency to the Company for further subleasing to the Sublessee and the Sub-Sublessees;

NOW, THEREFORE, BE IT RESOLVED by the Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. Based upon the Questionnaire completed by the Company and reviewed by the Agency and other representations and information furnished by the Company regarding the Facility, the Agency determines that the action relating to the acquisition, renovation, equipping, and operation of the Facility is an “unlisted” action, as that term is defined in the SEQR Act. The Agency also determines that the action will not have a “significant effect” on the environment, and, therefore, an environmental impact statement will not be prepared. This determination constitutes a negative declaration for purposes of SEQR. Notice of this determination shall be filed to the extent required by the applicable regulations under SEQR or as may be deemed advisable by the Chairman or Chief Executive Officer of the Agency or counsel to the Agency.

Section 2. The Agency hereby finds and determines:

(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 Facility 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 Company, for further subleasing to the Sublessee and the Sub-Sublessees, will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of Town of Brookhaven, 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 is reasonably necessary to induce the Company, the Sublessee and the Sub-Sublessees to maintain and expand their respective business operations in the State of New York; and

(e) Based upon representations of the Company and counsel to the Company, the Facility conforms with the local zoning laws and planning regulations of the Town of Brookhaven, Suffolk County, and all regional and local land use plans for the area in which the Facility is located; and

(f) It is desirable and in the public interest for the Agency to lease the Company Facility to the Company for further subleasing to the Sublessee and the Sub-Sublessees; and

(g) It is desirable and in the public interest for the Agency to lease the Equipment to the Sublessee; and

(h) The Termination of Lease Agreement will be an effective instrument whereby the Agency and the Company will terminate the Original Lease Agreement; and

(i) The Quitclaim Deed will be an effective instrument whereby the Agency will convey fee title to the Land and the existing improvements to the Company; and

(j) The Agency Bill of Sale will be an effective instrument whereby the Agency will convey fee title to the equipment leased to the Company pursuant to the Original Lease Agreement (the “**Existing Equipment**”), to the Company; and

(k) The Termination Agreement will be an effective instrument whereby the Agency, the Company and the Sublessee terminate the Original Transaction Documents; and

(l) The Company Lease will be an effective instrument whereby the Agency leases the Land and the Improvements from the Company; and

(m) The Lease Agreement will be an effective instrument whereby the Agency leases the Facility to the Company, the Agency and the Company set forth the terms and conditions of their agreement regarding payments-in-lieu of taxes, the Company agrees to comply with all Environmental Laws (as defined therein) applicable to the Facility and will describe the circumstances in which the Agency may recapture some or all of the benefits granted to the Company; and

(n) The Equipment Lease Agreement will be an effective instrument whereby the Agency leases the Equipment to the Sublessee; and

(o) The Agency Compliance Agreement will be an effective instrument whereby the Sublessee will make certain assurances to the Agency with respect to the Facility; and

(p) The Perfumania Tenant Agency Compliance Agreement will be an effective instrument whereby Perfumania will make certain assurances to the Agency with respect to the Facility; and

(q) The Model Reorg Tenant Agency Compliance Agreement will be an effective instrument whereby Model Reorg will make certain assurances to the Agency with respect to the Facility; and

(r) The Pro’s Choice Tenant Agency Compliance Agreement will be an effective instrument whereby Pro’s Choice will make certain assurances to the Agency with respect to the Facility; and

(s) The QKHealthcare Tenant Agency Compliance Agreement will be an effective instrument whereby QKHealthcare will make certain assurances to the Agency with respect to the Facility; and

(t) The Loan Documents to which the Agency is a party will be effective instruments whereby the Agency and the Company agree to secure the Loan made to the Company by the Lender.

Section 3. The Agency has assessed all material information included in connection with the Company’s, the Sublessee’s and the Sub-Sublessees’ application for financial assistance, including but not limited to, the cost-benefit analysis prepared by the Agency and such information has provided the Agency a reasonable basis for its decision to provide the financial assistance described herein to the Company and the Sublessee.

Section 4. In consequence of the foregoing, the Agency hereby determines to: (i) terminate the Original Lease Agreement pursuant to the Termination of Lease Agreement; (ii) execute and deliver the Termination of Lease Agreement; (iii) reconvey fee title to the Land and the existing improvements to the Company pursuant to the Quitclaim Deed; (iv) execute and deliver the Quitclaim Deed; (v) reconvey fee title to the Existing Equipment to the Company pursuant to the Agency Bill of Sale; (vi) execute and deliver the Agency Bill of Sale; (vii) terminate the Original Transaction Documents pursuant to the Termination Agreement; (viii) execute and deliver the Termination Agreement; (ix) lease the Land and the Improvements from the Company pursuant to the Company Lease, (x) execute, deliver and perform the Company Lease, (xi) lease and sublease the Company Facility to the Company pursuant to the Lease Agreement, (xii) execute, deliver and perform the Lease Agreement, (xiii) lease the Equipment to the Sublessee pursuant to the Equipment Lease Agreement; (xiv) execute, deliver and perform the Equipment Lease Agreement; (xv) execute and deliver the Agency Compliance Agreement; (xvi) execute and deliver the Perfumania Tenant Agency Compliance Agreement; (xvii) execute and deliver the Model Reorg Tenant Agency Compliance Agreement; (xviii) execute and deliver the Pro's Choice Tenant Agency Compliance Agreement; (xix) execute and deliver the QKHealthcare Tenant Agency Compliance Agreement; (xx) grant a mortgage on and security interest in and to the Facility pursuant to the Loan Documents, and (xxi) execute, deliver and perform the Loan Documents to which the Agency is a party.

Section 5. The Agency is hereby authorized to acquire the real property and personal property described in Exhibit A and Exhibit B, respectively, to the Lease Agreement, and the real property described in Exhibit A to the Equipment Lease Agreement, and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 6. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company and the Sublessee in connection with the acquisition, renovation and equipping of the Facility in the form of: (i) exemptions from mortgage recording taxes for one or more mortgages securing the principal amount presently estimated to be \$50,000,000 but not to exceed \$55,000,000 in connection with the financing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping of the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$24,150, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereof), consistent with the policies of the Agency.

Section 7. Subject to the provisions of this resolution, the Company and the Sublessee are herewith and hereby appointed the agents of the Agency to acquire, renovate and equip the Facility. The Company and the Sublessee are hereby empowered to delegate their respective status as agents of the Agency to their respective agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company and Sublessee may choose in order to acquire, renovate and equip the Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen,

vendors and suppliers of the Company and the Sublessee as agents of the Agency solely for purposes of making sales or leases of goods, services and supplies to the Facility, and any such transaction between any agent, subagent, contractor, subcontractor, materialmen, vendor or supplier, and the Company and/or the Sublessee, as agent of the Agency, shall be deemed to be on behalf of the Agency and for the benefit of the Facility. This agency appointment expressly excludes the purchase by the Company and the Sublessee of any motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets. The Company and the Sublessee shall indemnify the Agency with respect to any transaction of any kind between and among the agents, subagents, contractors, subcontractors, materialmen, vendors and/or suppliers and the Company and/or the Sublessee, as agent of the Agency. The aforesaid appointment of the Company and the Sublessee as agents of the Agency to acquire, renovate and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, (b) a date which the Agency designates, or (c) the date on which the Company and the Sublessee have received exemptions from sales and use taxes in an amount not to exceed \$24,150 in connection with the purchase or lease of equipment, building materials, services or other personal property; provided however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company and/or the Sublessee if such activities and improvements are not completed by such time. The aforesaid appointment of the Company and the Sublessee is subject to the completion of the transaction and the execution of the documents contemplated by this resolution.

Section 8. The Company and the Sublessee hereby agree to comply with Section 875 of the Act. The Company and the Sublessee further agree that the tax exemptions and abatements provided pursuant to the Act and the appointment of the Company and the Sublessee as agent of the Agency pursuant to this Authorizing Resolution are subject to termination and recapture of benefits pursuant to Sections 859-a and 875 of the Act and the recapture provisions of the Lease Agreement and the Agency Compliance Agreement.

Section 9. The form and substance of the Termination of Lease Agreement, the Quitclaim Deed, the Agency Bill of Sale, the Termination Agreement, the Company Lease, the Lease Agreement, the Equipment Lease Agreement, the Agency Compliance Agreement, the Perfumania Tenant Agency Compliance Agreement, the Model Reorg Tenant Agency Compliance Agreement, the Pro's Choice Tenant Agency Compliance Agreement, the QKHealthcare Tenant Agency Compliance Agreement and the Loan Documents to which the Agency is a party (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redated and renamed) are hereby approved.

Section 10.

(a) The Chairman, the Chief Executive Officer of the Agency or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Termination of Lease Agreement, the Quitclaim Deed, the Agency Bill of Sale, the Termination Agreement, the Company Lease, the Lease Agreement, the Equipment Lease Agreement, the Agency Compliance Agreement, the Perfumania Tenant Agency Compliance Agreement, the Model Reorg Tenant Agency Compliance Agreement, the Pro's Choice

Tenant Agency Compliance Agreement, the QKHealthcare Tenant Agency Compliance Agreement and the Loan Documents to which the Agency is a party, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, the Chief Executive Officer of the Agency or any member of the Agency shall approve, and such other related documents as may be, in the judgment of the Chairman and counsel to the Agency, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the “**Agency Documents**”). The execution thereof by the Chairman, the Chief Executive Officer of the Agency or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, the Chief Executive Officer of the Agency or any member of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

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 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. Any expenses incurred by the Agency with respect to the Facility shall be paid by the Company, the Sublessee and the Sub-Sublessees. By acceptance hereof, the Company, the Sublessee and the Sub-Sublessees agree to pay such expenses and further agree to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Facility.

Section 13. This resolution shall take effect immediately.

ADOPTED: NOVEMBER 15, 2017

ACCEPTED: _____, 2017

35 SAWGRASS, LLC

By: _____
Name:
Title:

**PRO'S CHOICE BEAUTY CARE,
INC.**

By: _____
Name:
Title:

QUALITY KING DISTRIBUTORS, INC.

By: _____
Name:
Title:

QKHEALTHCARE, INC.

By: _____
Name:
Title:

PERFUMANIA HOLDINGS, INC.

By: _____
Name:
Title:

MODEL REORG ACQUISITION, LLC

By: _____
Name:
Title:

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Article 18-A of the New York State General Municipal Law, will be held by the Town of Brookhaven Industrial Development Agency on the 14th day of November, 2017 at 10:30 a.m., local time, at One Independence Hill, 2nd Floor, Farmingville, New York, in connection with the following matters:

35 Sawgrass, LLC, a limited liability company organized and existing under the laws of the State of Delaware and authorized to do business in the State of New York, on behalf of itself and/or the principals of 35 Sawgrass, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”) and Quality King Distributors, Inc., a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Quality King Distributors, Inc. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Sublessee**”), have applied to the Town of Brookhaven Industrial Development Agency (the “**Agency**”), to enter into a transaction in which the Agency will assist in (a) the continued leasing of an approximately 37.0 acre parcel of land located at 35 Sawgrass Drive, in the Brookhaven Industrial Park, hamlet of Bellport, Town of Brookhaven, Suffolk County, New York (the “**Land**”), the renovation of an existing approximately 560,000 square foot building thereon (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 by the Agency to the Company, further subleased by the Company to the Sublessee and further sub-subleased by the Sublessee in part to (i) Perfumania Holdings, Inc., a Florida business corporation (“**Perfumania**”), (ii) Model Reorg Acquisition, LLC, a Delaware limited liability company (“**Model Reorg**”), (iii) Pro’s Choice Beauty Care, Inc., a New Jersey business corporation (“**Pro’s Choice**”), and (iv) QKHealthcare, Inc., a Delaware business corporation (“**QKHealthcare**”; and together with Perfumania, Model Reorg and Pro’s Choice, the “**Sub-Sublessees**”), and (b) the acquisition and installation of certain equipment and personal property (the “**Equipment**”; and together with the Company Facility, the “**Facility**”), which Equipment is to be leased by the Agency to the Sublessee and which Facility is to be used by the Sublessee and the Sub-Sublessees for the warehousing, assembly, repackaging and wholesale distribution of health and beauty and fragrance products (the “**Project**”). The Facility is currently owned by the Agency and leased to the Company and subleased by the Company to the Sublessee. It is contemplated that the Agency and the Company will terminate the existing lease structure and reconvey fee title to the Facility from the Agency to the Company. The Agency and the Company will then enter into a new Company Lease Agreement whereby the Company will lease the project to the Agency and the Agency will lease the Facility back to the Company pursuant to the terms of a Lease and Project Agreement. The Company will sublease the Facility to the Sublessee and the Sublessee will sub-sublease the Facility to the Sub-Sublessees. The Facility will be

initially owned, operated and/or managed by the Company. The Equipment will be initially owned, operated and/or managed by the Sublessee.

The Agency contemplates that it will provide financial assistance to the Company, the Sublessee and the Sub-Sublessees in the form of exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes and abatement of real property taxes, consistent with the policies of the Agency.

A representative of the Agency will at the above-stated time and place hear and accept written comments from all persons with views in favor of or opposed to either the proposed financial assistance to the Company, the Sublessee and the Sub-Sublessees or the location or nature of the Facility. At the hearing, all persons will have the opportunity to review the application for financial assistance filed by the Company, the Sublessee and the Sub-Sublessees with the Agency and an analysis of the costs and benefits of the proposed Facility.

Dated: November 4, 2017

TOWN OF BROOKHAVEN INDUSTRIAL
DEVELOPMENT AGENCY

By: Lisa MG Mulligan
Title: Chief Executive Officer

EXHIBIT B

MINUTES OF PUBLIC HEARING HELD ON
NOVEMBER 14, 2017

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY
(35 SAWGRASS, LLC/QUALITY KING DISTRIBUTORS, INC. 2017 FACILITY)

Section 14. Lisa MG Mulligan, Chief Executive Officer of the Town of Brookhaven Industrial Development Agency (the “**Agency**”) called the hearing to order.

Section 15. Lisa MG Mulligan then appointed herself the hearing officer of the Agency, to record the minutes of the hearing.

Section 16. The hearing officer then described the proposed transfer of the real estate, the other financial assistance proposed by the Agency and the location and nature of the Facility as follows:

35 Sawgrass, LLC, a limited liability company organized and existing under the laws of the State of Delaware and authorized to do business in the State of New York, on behalf of itself and/or the principals of 35 Sawgrass, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”) and Quality King Distributors, Inc., a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Quality King Distributors, Inc. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Sublessee**”), have applied to the Town of Brookhaven Industrial Development Agency (the “**Agency**”), to enter into a transaction in which the Agency will assist in (a) the continued leasing of an approximately 37.0 acre parcel of land located at 35 Sawgrass Drive, in the Brookhaven Industrial Park, hamlet of Bellport, Town of Brookhaven, Suffolk County, New York (the “**Land**”), the renovation of an existing approximately 560,000 square foot building thereon (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 by the Agency to the Company, further subleased by the Company to the Sublessee and further sub-subleased by the Sublessee in part to (i) Perfumania Holdings, Inc., a Florida business corporation (“**Perfumania**”), (ii) Model Reorg Acquisition, LLC, a Delaware limited liability company (“**Model Reorg**”), (iii) Pro’s Choice Beauty Care, Inc., a New Jersey business corporation (“**Pro’s Choice**”), and (iv) QKHealthcare, Inc., a

Delaware business corporation (“**QKHealthcare**”; and together with Perfumania, Model Reorg and Pro’s Choice, the “**Sub-Sublessees**”), and (b) the acquisition and installation of certain equipment and personal property (the “**Equipment**”; and together with the Company Facility, the “**Facility**”), which Equipment is to be leased by the Agency to the Sublessee and which Facility is to be used by the Sublessee and the Sub-Sublessees for the warehousing, assembly, repackaging and wholesale distribution of health and beauty and fragrance products (the “**Project**”). The Facility is currently owned by the Agency and leased to the Company and subleased by the Company to the Sublessee. It is contemplated that the Agency and the Company will terminate the existing lease structure and reconvey fee title to the Facility from the Agency to the Company. The Agency and the Company will then enter into a new Company Lease Agreement whereby the Company will lease the project to the Agency and the Agency will lease the Facility back to the Company pursuant to the terms of a Lease and Project Agreement. The Company will sublease the Facility to the Sublessee and the Sublessee will sub-sublease the Facility to the Sub-Sublessees. The Facility will be initially owned, operated and/or managed by the Company. The Equipment will be initially owned, operated and/or managed by the Sublessee.

The Agency contemplates that it will provide financial assistance to the Company, the Sublessee and the Sub-Sublessees in the form of exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes and abatement of real property taxes, consistent with the policies of the Agency.

Section 17. The hearing officer then opened the hearing for comments from the floor for or against the proposed transfer of real estate, the other financial assistance proposed by the Agency and the location and nature of the Facility. The following is a listing of the persons heard and a summary of their views:

Dr. Sam Gergis, South Country Central School District

1. Concern of any tax impact on school district. Revenue stream: same, increase, decrease.
2. Any economic opportunities, be it: internships, employment, etc.

Section 18. The hearing officer then asked if there were any further comments, and, there being none, the hearing was closed at 11:00 a.m.

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

I, the undersigned Assistant Secretary of the Town of Brookhaven Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the foregoing copy of the minutes of a public hearing held by the Town of Brookhaven Industrial Development Agency (the “**Agency**”) on November 14, 2017, at 10:30 a.m., local time, at One Independence Hill, 2nd Floor, Farmingville, New York, with the original thereof on file in the office of the Agency, and that the same is a true and correct copy of the minutes in connection with such matter.

IN WITNESS WHEREOF, I have hereunto set my hand as of November 14, 2017.

Assistant Secretary

EXHIBIT C

Proposed PILOT Schedule

Schedule of payments-in-lieu-of-taxes: Town of Brookhaven, (including any existing incorporated village and any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located), South Country Central School District, Suffolk County and Appropriate Special Districts

<u>Tax Year</u>	<u>PILOT Payment Amount</u>
2017/2018	\$61,722.00
2018/2019	\$62,956.00
2019/2020	\$64,215.00
2020/2021	\$91,302.00
2021/2022	\$186,255.00
2022/2023	\$284,970.00
2023/2024	\$387,560.00
2024/2025	\$494,139.00
2025/2026	\$604,826.00
2026/2027	\$719,742.00
2027/2028	\$839,014.00
2028/2029	\$962,768.00
2029/2030	\$1,091,137.00

Date: August 16, 2017

At a meeting of the Town of Brookhaven Industrial Development Agency (the “**Agency**”), held on the 16th day of August, 2017 at 8:00 a.m. local time, Town of Brookhaven, 1 Independence Hill, 3rd Floor, Farmingville, New York 11738, the following members of the Agency were:

Present: Frederick C. Braun, III
Martin Callahan
Felix J. Grucci, Jr.
Michael Kelly
Gary Pollakusky
Ann-Marie Scheidt

Recused:

Absent: Scott Middleton

Also Present: Lisa M. G. Mulligan, Chief Executive Officer

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on a proposed lease extension in connection with a certain industrial development facility more particularly described below (35 Sawgrass, LLC/Quality King Distributors, Inc. Facility) and approving the execution and delivery of related documents.

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

Voting Aye

Braun
Callahan
Grucci
Kelly
Pollakusky
Scheidt

Voting Nay

RESOLUTION OF THE TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZING AN
EXTENSION TO AN EXISTING LEASE AGREEMENT AND
THE EXECUTION AND DELIVERY OF LOAN DOCUMENTS
IN CONNECTION THEREWITH FOR THE 35 SAWGRASS,
LLC/QUALITY KING DISTRIBUTORS, INC. FACILITY AND
APPROVING THE FORM, SUBSTANCE, EXECUTION AND
DELIVERY OF SUCH RELATED DOCUMENTS

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 358 of the Laws of 1970 of the State of New York, as may be amended from time to time (collectively, the “**Act**”), the Town of Brookhaven Industrial Development Agency (the “**Agency**”) was created with the authority and power, among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, the Agency previously entered into a straight lease transaction on behalf of Sarg, LLC, a New York limited liability company duly organized and validly existing under the laws of the State of New York (the “**Original Company**”), in connection with the acquisition, construction and equipping of an approximately 560,000 square foot building located on an approximately 37.0 acre parcel of land located on Sawgrass Drive, in the Brookhaven Industrial Park, Hamlet of Bellport, Town of Brookhaven, Suffolk County, New York (District 0200, Section 843.00, Block 04.00, Lot 001.000, f/k/a District 0200, Section 813.00, Block 01.00, P/O Lot 008.016), which was leased by the Agency to the Original Company and subleased by the Original Company to the Sublessee, for the warehousing, assembly, repackaging and wholesale distribution of health and beauty and fragrance products and for administrative offices of the Sublessee (the “**Original Facility**”); and

WHEREAS, the Agency leased the Original Facility to the Original Company pursuant to and in accordance with a certain Lease Agreement, dated as of January 1, 2005 (the “**Original Lease Agreement**”), by and between the Agency and the Original Company, and a Memorandum of Lease Agreement, dated as of January 1, 2005, with respect to the Lease Agreement, was recorded in the Suffolk County Clerk’s Office on February 7, 2005 in Liber D00012370 of Deeds, Page 247; and

WHEREAS, the Original Company subleased the Original Facility to the Sublessee pursuant to and in accordance with a certain Sublease Agreement, dated January 1, 2005 (the “**Sublease Agreement**”), by and between the Original Company and the Sublessee, and a Memorandum of Sublease Agreement, dated as of January 1, 2005, with respect to the Sublease Agreement, was recorded in the Suffolk County Clerk’s Office on February 7, 2005 in Liber D00012370 of Deeds, Page 248; and

WHEREAS, in connection with the leasing and the subleasing of the Original Facility, the Agency, the Original Company and the Sublessee entered into a Payment-in-Lieu-of-Tax Agreement, dated as of January 1, 2005 (the “**Original PILOT Agreement**”), whereby the Original Company and the Sublessee agreed to make certain payments-in-lieu-of real property taxes on the Original Facility (as defined therein); and

WHEREAS, in connection with the leasing and the subleasing of the Original Facility, the Agency, the Original Company and the Sublessee entered into an Environmental Compliance and Indemnification Agreement, dated as of January 1, 2005 (the “**Original Environmental Compliance and Indemnification Agreement**”), whereby the Original Company and the Sublessee agreed to comply with all Environmental Laws (as defined therein) applicable to the Original Facility; and

WHEREAS, the Agency previously consented to a request from the Original Company to assign the Original Company’s leasehold estate and reversionary interest in the Original Facility pursuant to the Original Lease Agreement, which was amended and restated in a certain Assignment, Assumption and Release Agreement and Amended and Restated Lease Agreement, dated as of August 1, 2006 (the “**Assignment, Assumption and Release Agreement**”), a memorandum of which Assignment, Assumption and Release Agreement was to be recorded in the Suffolk County Clerk’s Office, to the Assignee, and the Original Company assigned to the Assignee all of the Original Company’s rights, title, interest, duties, liabilities and obligations in, to and under the Original Lease Agreement, the Original PILOT Agreement, the Original Environmental Compliance and Indemnification Agreement, and the Assignee assumed all of the Original Company’s rights, title, interest, duties, liabilities and obligations in, to and under the Original Lease Agreement, the Original PILOT Agreement, the Original Environmental Compliance and Indemnification Agreement and the Assignment, Assumption and Release Agreement; and

WHEREAS, as a condition for it to enter into and perform the transactions contemplated by the Original Lease Agreement, as assigned, assumed and released, the Agency, Assignee and the Sublessee entered into an Amended and Restated Environmental Compliance and Indemnification Agreement, dated as of August 1, 2006 (the “**Amended and Restated Environmental Compliance and Indemnification Agreement**”); and

WHEREAS, the Agency required, as a condition and as an inducement for it to enter into and perform the transactions contemplated by the Lease Agreement, as assigned, assumed and released, and the Amended and Restated Environmental Compliance and Indemnification Agreement, that the Assignee and the Sublessee enter into, execute, deliver and perform an Amended and Restated PILOT Agreement, dated as of August 1, 2006 (the “**Amended and Restated PILOT Agreement**”); and

WHEREAS, the Agency agreed to assist in the acquisition, installation and equipping of a photovoltaic system on the roof of the Original Facility (the “**2011 Facility**”), all to be leased by the Agency to the Company; and

WHEREAS, on September 9, 2011, the Agency held a public hearing, following publication on August 26, 2011 of notice of such public hearing, with respect to the acquisition, installation and equipping of the 2011 Facility; and

WHEREAS, by resolution adopted by the Agency on September 12, 2011, the Agency decided, pursuant to the provisions of the Act, to proceed with acquisition, installation and equipping of the 2011 Facility and to amend the existing Original Lease

Agreement, as assigned, assumed and released, pursuant to a certain Amendment and Modification Agreement (the “**Amendment and Modification Agreement**”), with respect to the 2011 Facility; and

WHEREAS, the Agency continued to lease the Facility to the Company pursuant to the terms of the Original Lease Agreement, as assigned, assumed and released, as amended by the Amendment and Modification Agreement, a memorandum of which amendment to the Lease Agreement was intended to be recorded in the Suffolk County Clerk’s Office; and

WHEREAS, in connection with the leasing and subleasing of the Facility, the Agency, the Company and the Sublessee amended and restated the Amended and Restated PILOT Agreement pursuant to a certain Second Amended and Restated Payment in Lieu of Tax Agreement, dated as of November 1, 2011 (the “**Second Amended and Restated PILOT Agreement**”), pursuant to which the Company and the Sublessee agreed to make payments in lieu of taxes on the 2011 Facility; and

WHEREAS, upon execution and delivery of the Second Amended and Restated PILOT Agreement, the Agency requested the Assessor of the Town of Brookhaven (the “**Town Assessor**”), to file the fifteen (15) year New York State Solar Panel Exemption (the “**Exemption**”) with respect to the 2011 Facility; and

WHEREAS, the Agency previously assisted in the conversion of approximately 10,000 square feet of existing storage space located on the Original Facility to office space (the “**2013 Facility**”; and together with the Original Facility and the 2011 Facility, the “**Facility**”) all to be leased by the Agency to the Company; and

WHEREAS, the Agency continued to lease the Facility to the Company pursuant to the terms of the Original Lease Agreement, as assigned, assumed and released, as amended by the Amendment and Modification Agreement, and as further amended by a certain Second Amendment and Modification Agreement, dated as of December 1, 2013 (the “**Second Amendment and Modification Agreement**”; and, together with the Original Lease, the Assignment, Assumption and Release Agreement, and the Amendment and Modification Agreement, the “**Lease Agreement**”), between the Agency and the Company, a memorandum of which Second Amendment and Modification Agreement was to be recorded in the Suffolk County Clerk’s Office; and

WHEREAS, in connection with the leasing and subleasing of the Facility, the Agency, the Company and the Sublessee amended and restated the PILOT Agreement pursuant to a certain Third Amended and Restated Payment in Lieu of Tax Agreement, dated as of December 1, 2013 (the “**Third Amended and Restated PILOT Agreement**”), pursuant to which the Company and the Sublessee agreed to make payments in lieu of taxes on the 2013 Facility; and

WHEREAS, in connection with the Third Amended and Restated Payment in Lieu of Tax Agreement, the Agency and the Company agreed to extend the term of the Lease Agreement to be coterminous with the term of the Third Amended and Restated PILOT Agreement; and

WHEREAS, the Agency desires to enter into an Extension of Lease Agreement, dated as of August 16, 2017 (the “**Extension of Lease**”), between the Agency and the Company, to be recorded in the Suffolk County Clerk’s office, which Extension of Lease will provide for the continued leasing of the Facility by the Agency to the Company for a term to expire on November 30, 2026; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York;

WHEREAS, the Company has agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transactions contemplated herein and the continued leasing and subleasing of the Facility.

NOW, THEREFORE, BE IT RESOLVED by the Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. The Agency hereby finds and determines:

- (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.
- (b) The Facility continues to constitute a “project” as such term is defined in the Act.
- (c) The continued leasing of the Facility will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the Town of Brookhaven, Suffolk County and the State of New York and improve their standard of living and thereby serve the public purposes of the Act.
- (d) The continued leasing of the Facility as contemplated in this resolution is reasonably necessary to maintain the competitive position of the Company in its industry.
- (e) Based upon representations of the Company and counsel to the Company, the Facility continues to conform with the local zoning laws and planning regulations of the Town of Brookhaven and all regional and local land use plans for the area in which the Facility is located.
- (f) It is desirable and in the public interest for the Agency to assist in the continued leasing of the Facility.
- (g) The Extension of Lease will be an effective instrument whereby the Agency and the Company agree to extend the term of the Lease Agreement.

Section 2. In consequence of the foregoing, the Agency hereby determines to: (i) consent to the Extension of Lease, and (ii) execute, deliver and perform the Extension of Lease.

Section 3. Subject to the provisions of this resolution and the Lease Agreement, the Agency is hereby authorized to do all things necessary or appropriate for the execution, delivery and performance of the Extension of Lease, and such other related documents as may be necessary or appropriate to effect the extension of the lease term, and all acts heretofore taken by the Agency with respect to such lease extension are hereby approved, ratified and confirmed.

Section 4.

(a) Subject to the provisions of this resolution and the Lease Agreement, the Chairman, Chief Executive Officer, and all other members of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Extension of Lease, and such documents as may be, in the judgment of the Chairman and Agency Counsel, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the “**Agency Documents**”). The execution thereof by the Chairman, Chief Executive Officer, or any member of the Agency shall constitute conclusive evidence of such approval; and

(b) The Chairman, Chief Executive Officer, and any member of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional authorized representatives of the Agency.

Section 6. Subject to the provisions of this resolution and the Lease Agreement, 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, 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 7. Any expenses incurred by the Agency with respect to the transactions contemplated herein shall be paid by the Company.

Section 8. This resolution shall take effect immediately.

ADOPTED: August 16, 2017

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

I, the undersigned Secretary of the Town of Brookhaven Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Town of Brookhaven Industrial Development Agency (the “**Agency**”), including the resolutions contained therein, held on the 16th day of August, 2017, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

That the Agency Documents contained in this transcript of proceedings are each in substantially the form presented to the Agency and/or approved by said meeting.

I FURTHER CERTIFY that public notice of the time and place of said meeting was duly given to the public and the news media in accordance with the New York Open Meetings Law, constituting Chapter 511 of the Laws of 1976 of the State of New York, that all members of said Agency had due notice of said meeting and that the meeting was all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 16th day of August, 2017.

By _____
Secretary

Date: October 15, 2014

At a meeting of the Town of Brookhaven Industrial Development Agency (the "Agency"), held at 1 Independence Hill, Farmingville, New York 11738, on the 15th day of October, 2014, the following members of the Agency were:

Present: Frederick C. Braun, III, Martin Callahan, Felix J. Grucci, Jr.,
Michael Kelly, Scott Middleton & Ann-Marie Scheidt

Recused: Frederick C. Braun, III

Absent:

Also Present: Lisa M.G. Mulligan, Chief Executive Officer
James Ryan, Chief Financial Officer

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to acquisition of title to or a leasehold interest in a certain industrial development facility more particularly described below (Pro's Choice Beauty Care, Inc. 2014 Facility) and the leasing or subleasing of the facility to Pro's Choice Beauty Care, Inc.

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

Voting Aye

Voting Nay

Callahan
Grucci
Kelly
Middleton
Scheidt

RESOLUTION OF THE TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE
ACQUISITION AND EQUIPPING OF A CERTAIN
INDUSTRIAL DEVELOPMENT FACILITY TO BE LEASED
TO PRO'S CHOICE BEAUTY CARE, INC., A NEW JERSEY
BUSINESS CORPORATION AND APPROVING THE FORM,
SUBSTANCE AND EXECUTION OF RELATED
DOCUMENTS.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 358 of the Laws of 1970 of the State of New York, as amended from time to time (collectively, the "**Act**"), the Town of Brookhaven Industrial Development Agency (the "**Agency**") was created with the authority and power among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, the Agency has previously assisted in the acquisition of an approximately 37.0 acre parcel of land located at 35 Sawgrass Drive, in the Brookhaven Industrial Park, Bellport, Town of Brookhaven, Suffolk County, New York and the construction and equipping of an approximately 560,000 square foot building located thereon, which is currently being leased by the Agency to 35 Sawgrass, LLC, a New York limited liability company (the "**Company**"), and subleased by the Company to, and used by, Quality King Distributors, Inc., a business corporation organized and existing under the laws of the State of New York (the "**Sublessee**"), and sub-leased in part, by the Sublessee to Pro's Choice Beauty Care, Inc., a New Jersey business corporation ("**Pro's Choice**"), and other various subtenants (the "**Original Facility**"); and

WHEREAS, the Company and the Sublessee previously requested the Agency's assistance in the construction, installation and equipping of solar panels and related infrastructure to be installed on the roof of the Original Facility (the "**2011 Facility**"); and

WHEREAS, the Agency subsequently provided assistance to the Company and the Sublessee in the conversion of approximately 10,000 square feet of existing storage space located on the Original Facility to office space (the "**2013 Facility**"); and

WHEREAS, Pro's Choice has now requested the Agency's assistance in the acquisition and installation of certain automated warehouse equipment (the "**2014 Facility**"); and together with the Original Facility, the 2011 Facility and the 2013 Facility, the "**Facility**"); and

WHEREAS, the Agency will provide it's assistance in the installation and equipping of the 2014 Facility and lease or sell the 2014 Facility to Pro's Choice; and

WHEREAS, the Agency contemplates that it will provide financial assistance to Pro's Choice in the form of sales tax exemptions in the amount of \$690,000 for the costs of the installation and equipping of the 2014 Facility;

WHEREAS, the Agency will lease the 2014 Facility to Pro's Choice pursuant to a certain Equipment Lease Agreement, dated as of November 1, 2014, or such other date as may be determined by the Chairman, the Chief Executive Officer and counsel to the Agency (the "**Equipment Lease Agreement**"), by and between the Agency and Pro's Choice; and

WHEREAS, in connection with the leasing of the Facility, the Agency and Pro's Choice will enter into a certain Recapture Agreement, dated as of November 1, 2014, or such other date as may be determined by the Chairman, Chief Executive Officer and counsel to the Agency (the "**Recapture Agreement**"), between the Agency and Pro's Choice; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, Pro's Choice has agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transaction contemplated by the leasing of the Facility by the Agency to Pro's Choice;

NOW, THEREFORE, BE IT RESOLVED by the Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. The Agency hereby finds and determines:

(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 Facility constitutes a "project", as such term is defined in the Act; and

(c) The acquisition and equipping of the 2014 Facility and the leasing of the 2014 Facility to Pro's Choice, will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of Town of Brookhaven, 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 and equipping of the 2014 Facility is reasonably necessary to induce Pro's Choice to maintain and expand its business operations in the State of New York; and

(e) Based upon representations of Pro's Choice and counsel to Pro's Choice, the Facility conforms with the local zoning laws and planning regulations of the Town of Brookhaven, Suffolk County, and all regional and local land use plans for the area in which the Facility is located; and

(f) The Facility and the operations conducted therein do not have a significant effect on the environment, as determined in accordance with Article 8 of the Environmental Conservation Law of the State of New York and the regulations promulgated thereunder; and

(g) It is desirable and in the public interest for the Agency to lease the 2014 Facility to Pro's Choice; and

(h) The Equipment Lease Agreement will be an effective instrument whereby the Agency will lease or sublease the 2014 Facility to Pro's Choice and Pro's Choice will rent the 2014 Facility from the Agency; and

(i) The Recapture Agreement will be an effective instrument whereby the Agency and Pro's Choice agree to provide for the obligations of Pro's Choice under the Transaction Documents (as defined in the Equipment Lease Agreement) and describe the circumstances in which the Agency may recapture some or all of the benefits granted to Pro's Choice; and

(j) The Environmental Compliance and Indemnification Agreement, dated as of November 1, 2014, or such other date as may be determined by the Chairman, the Chief Executive Officer and counsel to the Agency (the "**Environmental Compliance and Indemnification Agreement**"), from Pro's Choice to the Agency will be an effective instrument whereby Pro's Choice agrees to comply with all Environmental Laws (as defined therein) applicable to the Facility and will indemnify and hold harmless the Agency for all liability under all such Environmental Laws.

Section 2. In consequence of the foregoing, the Agency hereby determines to: (i) lease or sublease the 2014 Facility to Pro's Choice pursuant to the Equipment Lease Agreement, (ii) execute, deliver and perform the Equipment Lease Agreement, (iii) execute and deliver the Recapture Agreement, and (iv) execute and deliver the Environmental Compliance and Indemnification Agreement.

Section 3. The Agency is hereby authorized to acquire the personal property described in Exhibit A to the Equipment Lease Agreement, and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 4. The Agency hereby authorizes and approves the following economic benefit to be granted to Pro's Choice in connection with the acquisition and equipping of the 2014 Facility in the form of exemptions from sales and use taxes in an amount not to exceed \$690,000 in connection with the purchase or lease of equipment, building materials, services or other personal property, consistent with the policies of the Agency.

Section 5. Subject to the provisions of this resolution, Pro's Choice is herewith and hereby appointed the agent of the Agency to acquire and equip the 2014 Facility. Pro's Choice is hereby empowered to delegate its status as agent of the Agency to its agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as Pro's Choice may choose in order to acquire and equip the 2014 Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of Pro's Choice as agents of the Agency solely for purposes of making sales or leases of goods, services and supplies to the 2014 Facility, and any such transaction between any agent, subagent, contractor, subcontractor, materialmen, vendor or supplier, and Pro's

Choice, as agents of the Agency, shall be deemed to be on behalf of the Agency and for the benefit of the Facility. This agency appointment expressly excludes the purchase by Pro's Choice of any motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets. Pro's Choice shall indemnify the Agency with respect to any transaction of any kind between and among the agents, subagents, contractors, subcontractors, materialmen, vendors and/or suppliers and Pro's Choice, as agent of the Agency. The aforesaid appointment of Pro's Choice, as agent of the Agency to acquire and equip the 2014 Facility shall expire at the earlier of (a) the completion of such activities and improvements, (b) a date which the Agency designates, or (c) the date on which Pro's Choice has received exemptions from sales and use taxes in an amount not to exceed \$690,000 in connection with the purchase or lease of equipment, building materials, services or other personal property; provided however, such appointment may be extended at the discretion of the Agency, upon the written request of Pro's Choice if such activities and improvements are not completed by such time. The aforesaid appointment of Pro's Choice is subject to the completion of the transaction and the execution of the documents contemplated by this resolution.

Section 6. Pro's Choice hereby agrees to comply with Section 875 of the Act. Pro's Choice further agrees that the exemption of sales and use tax provided pursuant to the Act and the appointment of Pro's Choice as agent of the Agency pursuant to this Authorizing Resolution is subject to termination and recapture of benefits pursuant to Section 875 of the Act and the Recapture Agreement.

Section 7. The form and substance of the Equipment Lease Agreement, the Recapture Agreement and the Environmental Compliance and Indemnification Agreement (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redated and renamed) are hereby approved.

Section 8.

(a) The Chairman, Chief Executive Officer or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Equipment Lease Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, Chief Executive Officer or any member of the Agency shall approve, and such other related documents as may be, in the judgment of the Chairman and counsel to the Agency, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the "**Agency Documents**"). The execution thereof by the Chairman, Chief Executive Officer or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, Chief Executive Officer or any member of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

Section 9. 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

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

I, the undersigned Secretary of the Town of Brookhaven Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Town of Brookhaven Industrial Development Agency (the "Agency"), including the resolutions contained therein, held on the 15th day of October, 2014, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

That the Agency Documents contained in this transcript of proceedings are each in substantially the form presented to the Agency and/or approved by said meeting.

I FURTHER CERTIFY that public notice of the time and place of said meeting was duly given to the public and the news media in accordance with the New York Open Meetings Law, constituting Chapter 511 of the Laws of 1976 of the State of New York, that all members of said Agency had due notice of said meeting and that the meeting was all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 15th day of October, 2014.

By: 

Secretary

Date: December 4, 2013

At a meeting of the Town of Brookhaven Industrial Development Agency (the "Agency"), held at Pace's Steakhouse, 318 Wynn Lane, Port Jefferson, New York 11777 on the 4th day of December, 2013, the following members of the Agency were:

Present: Frederick C. Braun, III, Gasper C. Celauro, Felix J. Grucci, Jr.,
Ronald J. LaVita, Peter G. Moloney, John Rose & Ann-Marie Scheidt

Absent:

Also Present: Lisa M. G. Mulligan, Chief Executive Officer
James Ryan, Chief Financial Officer

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action pertaining to acquisition of an interest in, or title to, a certain industrial development facility more particularly described below (35 Sawgrass, LLC/Quality King Distributors, Inc. 2005 Facility).

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

<u>Voting Aye</u>	<u>Voting Nay</u>	<u>Abstained</u>
Braun		Grucci
Celauro		
LaVita		
Moloney		
Rose		
Scheidt		

RESOLUTION OF THE TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, INSTALLATION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY FOR 35 SAWGRASS, LLC AND QK HEALTHCARE, INC, AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT AND MODIFICATION AGREEMENT AND A THIRD AMENDED AND RESTATED PAYMENT-IN-LIEU OF TAX AGREEMENT AND APPROVING THE FORM, SUBSTANCE AND EXECUTION AND DELIVERY OF RELATED DOCUMENTS.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 358 of the Laws of 1970 of the State of New York, as the same may be amended from time to time (collectively, the "**Act**"), the Town of Brookhaven Industrial Development Agency (the "**Agency**") was created with the authority and power, among other things, to assist with certain industrial development projects as authorized by the Act; and

WHEREAS, the Agency previously entered into a straight lease transaction on behalf of Sarg, LLC, a New York limited liability company duly organized and validly existing under the laws of the State of New York (the "**Original Company**"), consisting of the acquisition, construction and equipping of an approximately 560,000 square foot building located on an approximately 37.0 acre parcel of land located on Sawgrass Drive, in the Brookhaven Industrial Park, Bellport, Town of Brookhaven, Suffolk County, New York (District 0200, Section 843.00, Block 04.00, Lot 001.000, f/k/a District 0200, Section 813.00, Block 01.00, P/O Lot 008.016), which was leased by the Agency to the Original Company and subleased by the Original Company to Quality King Distributors, Inc., a business corporation duly organized and validly existing under the laws of the State of New York (the "**Sublessee**"), for the warehousing, assembly, repackaging and wholesale distribution of health and beauty and fragrance products and for administrative offices of the Sublessee (the "**Original Facility**"); and

WHEREAS, the Agency leased the Original Facility to the Original Company pursuant to and in accordance with a certain Lease Agreement, dated as of January 1, 2005 (the "**Lease Agreement**"), by and between the Agency and the Original Company, and a Memorandum of Lease Agreement, dated as of January 1, 2005, with respect to the Lease Agreement, was recorded in the Suffolk County Clerk's Office on February 7, 2005 in Liber D00012370 of Deeds, Page 247; and

WHEREAS, the Original Company subleased the Original Facility to the Sublessee pursuant to and in accordance with a certain Sublease Agreement, dated January 1, 2005 (the "**Sublease Agreement**"), by and between the Original Company and the Sublessee, and a Memorandum of Sublease Agreement, dated as of January 1, 2005, with respect to the Sublease Agreement, was recorded in the Suffolk County Clerk's Office on February 7, 2005 in Liber D00012370 of Deeds, Page 248; and

WHEREAS, in connection with the leasing and the subleasing of the Original Facility, the Agency, the Original Company and the Sublessee entered into a Payment-in-Lieu-of-Tax Agreement, dated as of January 1, 2005 (the "**PILOT Agreement**"), whereby the Original Company and the Sublessee agreed to make certain payments-in-lieu-of real property taxes on the Original Facility (as defined therein); and

WHEREAS, in connection with the leasing and the subleasing of the Original Facility, the Agency, the Original Company and the Sublessee entered into an Environmental Compliance and Indemnification Agreement, dated as of January 1, 2005 (the "**Environmental Compliance and Indemnification Agreement**"), whereby the Original Company and the Sublessee agreed to comply with all Environmental Laws (as defined therein) applicable to the Original Facility; and

WHEREAS, the Agency previously consented to a request from the Original Company to assign the Original Company's leasehold estate and reversionary interest in the Original Facility pursuant to the Lease Agreement, which was amended and restated in a certain Assignment, Assumption and Release Agreement and Amended and Restated Lease Agreement, dated as of August 1, 2006 (the "**Assignment, Assumption and Release Agreement**"), a memorandum of which Assignment, Assumption and Release Agreement was intended to be recorded in the Suffolk County Clerk's Office, to 35 Sawgrass, LLC, a Delaware limited liability company and authorized to transact business in the State of New York (the "**Company**"), and the Original Company assigned to the Company all of the Original Company's rights, title, interest, duties, liabilities and obligations in, to and under the Lease Agreement, the PILOT Agreement, the Environmental Compliance and Indemnification Agreement, and the Company assumed all of the Original Company's rights, title, interest, duties, liabilities and obligations in, to and under the Lease Agreement, the PILOT Agreement, the Environmental Compliance and Indemnification Agreement and the Assignment, Assumption and Release Agreement; and

WHEREAS, the Agency currently leases the Facility to the Company pursuant to the Lease Agreement, as assigned, amended and restated by the Assignment, Assumption and Release Agreement and Amended and Restated Lease Agreement; and

WHEREAS, the Company currently subleases the Facility to the Sublessee pursuant to the terms and conditions of a certain Amended and Restated Sublease Agreement, dated August 23, 2006 (the "**Amended and Restated Sublease Agreement**"), a memorandum of which Amended and Restated Sublease Agreement was intended to be recorded in the Suffolk County Clerk's Office; and

WHEREAS, the Company and the Sublessee previously requested that the Agency consent to the sub-subleasing by the Sublessee of a portion of the Facility to the Subtenants (as defined below); and

WHEREAS, the Facility may not be sub-subleased, in whole or in part, without the prior written consent of the Agency; and

WHEREAS, the Agency provided its consent for the Sublessee to sub-sublease portions of the Facility to Pro's Choice Beauty Care, Inc, a business corporation duly organized and validly existing under the State of New Jersey and authorized to transact business in the State of New York ("**Pro's Choice**"), Model Reorg, Inc., a business corporation duly organized and validly existing under the State of New York ("**Model Reorg**"), QK Healthcare, Inc., a business corporation duly organized and validly existing under the State of Delaware and authorized to transact business in the State of New York ("**QK Healthcare**"), Five Star Fragrance Company, Inc., a business corporation duly organized and validly existing under the State of New York ("**Five Star**"), and Quality King Fragrance, Inc., a business corporation duly organized and validly existing under the State of Delaware and authorized to transact business in the State of New York ("**QK Fragrance**," and together with Pro's Choice, Model Reorg, QK Healthcare and Five Star, collectively the "**Subtenants**"); and

WHEREAS, in connection with the sub-subleasing of the Facility, each Subtenant entered into an Equipment Lease Agreement, each dated as of October 1, 2007 (collectively, the "**Equipment Lease Agreements**"), each by and between the Agency and the respective Subtenant; and

WHEREAS, in connection with the sub-subleasing of the Facility, each Subtenant entered into an Environmental Compliance and Indemnification Agreement, each dated as of October 1, 2007 (collectively, the "**Environmental Compliance and Indemnification Agreements**"), each by and between the Agency and the respective Subtenant; and

WHEREAS, in connection with the sub-subleasing of the Facility, each Subtenant entered into an Agency Compliance Agreement, each dated as of October 1, 2007 (collectively, the "**Tenant Agency Compliance Agreements**"), each by and between the Agency and the respective Subtenant; and

WHEREAS, the Company and the Sublessee previously requested the Agency's assistance in the acquisition, installation and equipping of a photovoltaic system on the roof of the Original Facility (the "**2011 Facility**"), in connection with the acquisition, installation and equipping of such photovoltaic system (the "**2011 Improvements**"); and

WHEREAS, the Agency amended the definition of Facility to include the 2011 Facility pursuant to an Amendment and Modification Agreement, dated as of November 1, 2011 (the "**Amendment and Modification Agreement**"), by and among the Agency, the Company and the Sublessee, whereby the definition of Facility was revised to include the 2011 Facility and each of the Transaction Documents (as defined in the Lease Agreement) were amended to reflect such addition of 2011 Facility; and

WHEREAS, further, the Company requested that the Agency provide additional financial assistance to the Company in the form of abatements of real property taxes pursuant to the terms of an Amended and Restated Payment in Lieu of Tax Agreement (the "**Amended and Restated PILOT Agreement**"), dated as of August 1, 2006, as further amended and restated as of November 1, 2011 (the "**Second Amended and Restated**

PILOT”), by and among the Company, the Sublessee and the Agency, to include the 2011 Facility; and

WHEREAS, the Company and QK Healthcare have now submitted to the Agency, a proposal to assist in the conversion of approximately 10,000 square feet of existing storage space to office space (collectively, the “**2013 Improvements**”), located in an approximately 560,000 square foot building located on an approximately 37.0 acre parcel of land located on Sawgrass Drive, in the Brookhaven Industrial Park, Bellport, Town of Brookhaven, Suffolk County, New York (District 0200, Section 843.00, Block 04.00, Lot 001.000, f/k/a District 0200, Section 813.00, Block 01.00, P/O Lot 008.016) (the “**2013 Facility**”; and, together with the 2011 Facility and the Original Facility, the “**Facility**”); and

WHEREAS, QK Healthcare will convey or cause to be conveyed an interest in the 2013 Facility to the Agency pursuant to a Bill of Sale, dated a date to be determined (the “**2013 Bill of Sale**”), from QK Healthcare to the Agency; and

WHEREAS, the Agency will amend the definition of facility to include the 2013 Facility pursuant to an amendment and modification agreement or such other agreement or agreements, to be dated as of December 1, 2013 or such other date as may be determined (collectively, the “**Amendment Documents**”), by and among the Agency, the Company, the Sublessee and Subtenants, if required, whereby the definition of Facility will be revised to include the 2013 Facility and each of the Transaction Documents (as defined in the Lease Agreement) will be amended to reflect such addition of 2013 Facility; and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company and QK Healthcare, consistent with the policies of the Agency, in the form of exemptions from mortgage recording taxes in connection with the financing or permanent financing or any subsequent refinancing of the 2013 Facility, if a mortgage or mortgages are required, and exemptions from sales and use taxes and abatement of real property taxes on the increased assessment, resulting from installation of the 2013 Facility; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, the Agency has given due consideration to the application of the Company and QK Healthcare and to the representations by the Company and QK Healthcare that the actions of the Agency as contemplated by this resolution and the Amendment Documents are either an inducement to the Company and QK Healthcare to maintain and expand the Facility in the Town of Brookhaven or are necessary to maintain the competitive positions of the Company and QK Healthcare in their respective industries; and

WHEREAS, the Company, the Sublessee and QK Healthcare have agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the 2013 Facility, the Amendment Documents and the

modification of the PILOT Benefits with respect to the 2013 Facility and the continued leasing of the Facility to the Company; and

NOW, THEREFORE, BE IT RESOLVED by the Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. The Agency hereby finds and determines:

(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;

(b) The 2013 Facility constitutes a "project", as such term is defined in the Act;

(c) The continued leasing of the Facility by the Agency to the Company will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the Town of Brookhaven and the State of New York and improve their standard of living and thereby serve the public purposes of the Act;

(d) Based upon representations of the Company, the Sublessee and their counsel, the Facility continues to conform with the local zoning laws and planning regulations of the Town of Brookhaven and all regional and local land use plans for the area in which the Facility are located;

(e) The Facility and the operations conducted therein does not have a significant effect on the environment, as determined in accordance with Article 8 of the Environmental Conservation Law of the State of New York and the regulations promulgated thereunder;

(f) The Agency has determined that the acquisition, installation and equipping of the 2013 Facility, will promote and further the purposes of the Act;

(g) It is desirable and in the public interest for the Agency to acquire an interest in the 2013 Facility and lease the 2013 Facility to the Company;

(h) The Bill of Sale will be an effective instrument whereby the Agency will acquire an interest in the 2013 Facility;

(i) The Amendment Documents will be effective instruments whereby the Agency, the Company and the Sublessee agree to amend the definition of Facility to include the 2013 Facility and the Agency will lease the 2013 Facility to the Company; and

(j) The Third Amended and Restated Payment-in-Lieu-of-Tax Agreement, will be an effective instrument whereby the Agency and the Company set forth the terms and conditions of their agreement regarding the Company's payments in lieu of real property taxes in connection with the increased assessment on the 2013 Facility.

Section 2. The Company and/or QK Healthcare are hereby appointed the true and lawful agent(s) of the Agency to construct, and equip the 2013 Facility on behalf of the Agency, with the authority to delegate their respective status as agents of the Agency to their respective agents, subagents, contractors, subcontractors, suppliers, vendors and other such parties as the Company and/or QK Healthcare may choose. The terms and conditions for the appointment of the Company and QK Healthcare as agents of the Agency for the purposes described in this Section 2 are set forth in the form of the attached letter addressed to the Company and QK Healthcare, marked as Exhibit A to this resolution, which is incorporated herein by reference. The appointment described above includes the following activities as they relate to the acquisition, installation and equipping of the 2013 Facility, whether or not the materials, services or supplies described below are incorporated into or become an integral part of the Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with the acquisition, installation and equipping of the 2013 Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description in connection with acquisition, installation and equipping of the 2013 Facility, and (iii) all purchases, leases, rentals and uses of equipment, machinery and other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under the 2013 Facility. This agency appointment includes the power to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agents for the Agency, and in general to do all things which may be requisite or proper for completing the Facility, all with the same powers and with the same validity as would the Agency if acting on its own behalf. This agency appointment expressly excludes the Company and QK Healthcare from purchasing motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets. The aforesaid appointment of the Company and QK Healthcare as agents of the Agency to construct and equip the 2013 Facility shall expire at the earlier of (A) the completion of such acquisition, installation and equipping of the 2013 Facility, or (B) a date determined by the Agency, provided however, such appointment may be extended at the discretion of the Chairman or the Chief Executive Officer of the Agency for up to six (6) additional months, in each case or by the Agency Board for any period beyond such six (6) months, upon the written request of the Company and QK Healthcare if such activities and improvements are not completed by such time.

Section 3. In consequence of the foregoing, the Agency hereby determines to: (i) acquire an interest in the 2013 Facility and lease the 2013 Facility to the Company pursuant to the Amendment Documents, (ii) execute, deliver and perform the Amendment Documents, (iii) amend and restate the PILOT Agreement pursuant to the Third Amended and Restated PILOT Agreement to reflect modified benefits related to the 2013 Facility, (iv) execute, deliver and perform the Third Amended and Restated PILOT Agreement, (v) grant mortgage liens on and security interests in and to the 2013 Facility pursuant to the mortgages, if a mortgage is required, and (vi) execute, deliver and perform any other documents to which the Agency is party in connection with the Loan Documents.

Section 4. The Agency is hereby authorized to acquire title to the 2013 Facility and to do all things necessary or appropriate for the accomplishment thereof, and all acts

heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 5. The form and substance of the Amendment Documents, the mortgage, if any, the Third Amended and Restated PILOT Agreement and any Loan Documents to which the Agency is a party (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redated) are hereby approved.

Section 6. (a) The Chairman, Vice Chairman, Chief Executive Officer, or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Amendment Documents, the Third Amended and Restated PILOT Agreement, the mortgage, if any, and any Loan Documents to which the Agency is a party in substantially the form thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, Vice Chairman, Chief Executive Officer, or any member of the Agency shall approve, and such other related documents as may be, in the judgment of the Chairman and Agency Counsel, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the "Agency Documents"). The execution thereof by the Chairman, Chief Executive Officer, or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, Chief Executive Officer, or any member of the Agency is further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency.

Section 7. 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, 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 8. This resolution shall take effect immediately.

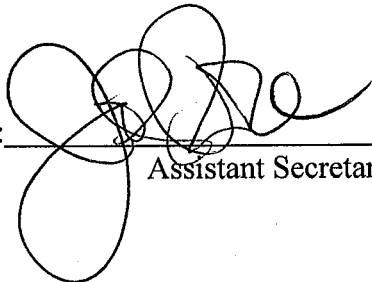
STATE OF NEW YORK)
 : SS.:
COUNTY OF SUFFOLK)

I, the undersigned Assistant Secretary of the Town of Brookhaven Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Town of Brookhaven Industrial Development Agency (the "Agency"), including the resolutions contained therein, held on the 4th day of December, 2013, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

I FURTHER CERTIFY that public notice of the time and place of said meeting was duly given to the public and the news media in accordance with the New York Open Meetings Law, constituting Chapter 511 of the Laws of 1976 of the State of New York, that all members of said Agency had due notice of said meeting and that the meeting was in all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 4th day of December, 2013.

By:  _____
Assistant Secretary

Date: November 15, 2017

At a meeting of the Town of Brookhaven Industrial Development Agency (the "Agency"), held on the 15th day of November, 2017, at 1 Independence Hill, 3rd Floor, Farmingville, New York 11738, the following members of the Agency were:

Present: Frederick C. Braun, III
Martin Callahan
Gary Pollakusky
Ann-Marie Scheidt

Recused:

Absent: Felix J. Grucci, Jr.
Michael Kelly
Scott Middleton

Also Present: Lisa M. G. Mulligan, Chief Executive Officer

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to acquisition of a leasehold interest in and title to a certain industrial development facility more particularly described below (35 Sawgrass, LLC/Quality King Distributors, Inc. 2017 Facility) and the leasing of the facility to 35 Sawgrass, LLC for further subleasing to Quality King Distributors, Inc.

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

Voting Aye

Braun
Callahan
Pollakusky
Scheidt

Voting Nay

RESOLUTION OF THE TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE APPOINTMENT OF 35 SAWGRASS, LLC, A DELAWARE LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF 35 SAWGRASS, LLC AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AND QUALITY KING DISTRIBUTORS, INC., A NEW YORK BUSINESS CORPORATION, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF QUALITY KING DISTRIBUTORS, INC. AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AS AGENTS OF THE AGENCY FOR THE PURPOSE OF ACQUIRING, RENOVATING AND EQUIPPING THE FACILITY, APPROVING THE ACQUISITION, RENOVATION AND EQUIPPING OF SUCH INDUSTRIAL DEVELOPMENT FACILITY AND MAKING CERTAIN FINDINGS AND DETERMINATIONS WITH RESPECT TO THE FACILITY AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 358 of the Laws of 1970 of the State of New York, as amended from time to time (collectively, the "**Act**"), the Town of Brookhaven Industrial Development Agency (the "**Agency**"), was created with the authority and power among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, 35 Sawgrass, LLC, a limited liability company organized and existing under the laws of the State of Delaware and authorized to do business in the State of New York, on behalf of itself and/or the principals of 35 Sawgrass, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "**Company**") and Quality King Distributors, Inc., a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Quality King Distributors, Inc. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "**Sublessee**"), have applied to the Agency to enter into a transaction in which the Agency will assist in (a) the continued leasing of an approximately 37.0 acre parcel of land located at 35 Sawgrass Drive, in the Brookhaven Industrial Park, hamlet of Bellport, Town of Brookhaven, Suffolk County, New York (the "**Land**"), the renovation of an existing approximately 560,000 square foot building thereon (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 by the Agency to the Company, further subleased by the Company to the Sublessee and further subleased by the Sublessee in part to (i) Perfumania Holdings, Inc., a Florida business corporation ("**Perfumania**"), (ii) Model Reorg Acquisition, LLC, a Delaware limited liability company ("**Model Reorg**"), (iii) Pro's Choice Beauty Care, Inc., a New Jersey

business corporation ("**Pro's Choice**"), and (iv) QKHealthcare, Inc., a Delaware business corporation ("**QKHealthcare**"; and together with Perfumania, Model Reorg and Pro's Choice, the "**Sub-Sublessees**"), and (b) the acquisition and installation of certain equipment and personal property (the "**Equipment**"; and together with the Company Facility, the "**Facility**"), which Equipment is to be leased by the Agency to the Sublessee and which Facility is to be used by the Sublessee and the Sub-Sublessees for the warehousing, assembly, repackaging and wholesale distribution of health and beauty and fragrance products (the "**Project**"); and

WHEREAS, the Facility is currently owned by the Agency and leased to the Company and subleased by the Company to the Sublessee and in connection with the Project, it is contemplated that the Agency and the Company will terminate the existing lease structure and reconvey fee title to the Facility from the Agency to the Company; and

WHEREAS, the Agency and the Company will terminate the existing Lease Agreement (the "**Original Lease Agreement**"), pursuant to a certain Termination of Lease Agreement, dated the Closing Date (as defined in the hereinafter defined Lease Agreement) (the "**Termination of Lease Agreement**"), by and between the Agency and the Company; and

WHEREAS, the Agency will reconvey fee title to the Facility to the Company pursuant to (i) a certain Quitclaim Deed, dated the Closing Date (the "**Quitclaim Deed**"), and (ii) a certain Bill of Sale, dated the Closing Date (the "**Agency Bill of Sale**"), each from the Agency to the Company; and

WHEREAS, the Agency, the Company and the Sublessee will agree upon the terms and conditions of the termination of the other documents in connection with the Original Lease Agreement (the "**Original Transaction Documents**"), pursuant to a certain Termination Agreement, dated the Closing Date (the "**Termination Agreement**"), by and among the Agency, the Company and the Sublessee; and

WHEREAS, the Agency will acquire a leasehold interest in the Land and the Improvements pursuant to a certain Company Lease Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**Company Lease**"), by and between the Company and the Agency; and

WHEREAS, the Agency will acquire title to the Facility Equipment pursuant to a certain Bill of Sale, dated the Closing Date (as defined in the hereinafter defined Lease Agreement) (the "**Bill of Sale**"), from the Company to the Agency; and

WHEREAS, the Agency will sublease and lease the Company Facility to the Company pursuant to a certain Lease and Project Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**Lease Agreement**"), by and between the Agency and the Company; and

WHEREAS, the Agency will acquire title to the Equipment pursuant to a certain Equipment Bill of Sale, dated the Closing Date (the "**Equipment Bill of Sale**"), from the Sublessee to the Agency; and

WHEREAS, the Agency will lease the Equipment to the Sublessee pursuant to a certain Equipment Lease Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree ("**Equipment Lease Agreement**"), by and between the Agency and the Sublessee; and

WHEREAS, the Sublessee and the Agency will enter into a certain Agency Compliance Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**Agency Compliance Agreement**"), whereby the Sublessee will make certain assurances to the Agency with respect to the Facility; and

WHEREAS, Perfumania and the Agency will enter into a certain Tenant Agency Compliance Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**Perfumania Tenant Agency Compliance Agreement**"), whereby Perfumania will make certain assurances to the Agency with respect to the Facility; and

WHEREAS, Model Reorg and the Agency will enter into a certain Tenant Agency Compliance Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**Model Reorg Tenant Agency Compliance Agreement**"), whereby Model Reorg will make certain assurances to the Agency with respect to the Facility; and

WHEREAS, Pro's Choice and the Agency will enter into a certain Tenant Agency Compliance Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**Pro's Choice Tenant Agency Compliance Agreement**"), whereby Pro's Choice will make certain assurances to the Agency with respect to the Facility; and

WHEREAS, QKHealthcare and the Agency will enter into a certain Tenant Agency Compliance Agreement, dated as of November 1, 2017 or such other date as the Chairman, the Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**QKHealthcare Tenant Agency Compliance Agreement**"), whereby QKHealthcare will make certain assurances to the Agency with respect to the Facility; and

WHEREAS, as security for a loan or loans, the Agency and the Company will execute and deliver to a lender or lenders not yet determined (collectively, the "**Lender**"), a mortgage or mortgages, 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, in connection with the financing, any refinancing or permanent financing of the costs of the acquisition, renovation and equipping of the Facility (collectively, the "**Loan Documents**"); and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company and the Sublessee in the form of: (i) exemptions from mortgage recording taxes for one or more mortgages securing the principal amount presently estimated to be \$50,000,000 but not to exceed \$55,000,000 in connection with the financing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping of the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$24,150, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereof), consistent with the policies of the Agency; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, a public hearing (the "**Hearing**") was held on November 14, 2017 and notice of the Hearing was given and such notice (together with proof of publication) together with the minutes of the Hearing are in substantially in the form annexed hereto as Exhibits A and B respectively; and

WHEREAS, the Agency has given due consideration to the application of the Company, the Sublessee and the Sub-Sublessees and to representations by the Company, the Sublessee and the Sub-Sublessee that the proposed Facility is either an inducement to the Company, the Sublessee and the Sub-Sublessees to maintain and expand the Facility in the Town of Brookhaven or is necessary to maintain the competitive positions of the Company, the Sublessee and the Sub-Sublessees in their respective industries; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, the "**SEQR Act**" or "**SEQR**"), the Agency constitutes a "State Agency"; and

WHEREAS, to aid the Agency in determining whether the Facility may have a significant effect upon the environment, the Company previously prepared and submitted to the Agency with their application for assistance certain materials (the "**Questionnaire**") with respect to the Facility; and

WHEREAS, the Questionnaire has been reviewed by the Agency; and

WHEREAS, the Company, the Sublessee and the Sub-Sublessees have agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transaction contemplated by the leasing of the Facility by the Agency to the Company for further subleasing to the Sublessee and the Sub-Sublessees;

NOW, THEREFORE, BE IT RESOLVED by the Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. Based upon the Questionnaire completed by the Company and reviewed by the Agency and other representations and information furnished by the Company regarding the Facility, the Agency determines that the action relating to the acquisition, renovation, equipping, and operation of the Facility is an "unlisted" action, as that term is defined in the SEQR Act. The Agency also determines that the action will not have a "significant effect" on the environment, and, therefore, an environmental impact statement will not be prepared. This determination constitutes a negative declaration for purposes of SEQR. Notice of this determination shall be filed to the extent required by the applicable regulations under SEQR or as may be deemed advisable by the Chairman or Chief Executive Officer of the Agency or counsel to the Agency.

Section 2. The Agency hereby finds and determines:

(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 Facility 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 Company, for further subleasing to the Sublessee and the Sub-Sublessees, will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of Town of Brookhaven, 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 is reasonably necessary to induce the Company, the Sublessee and the Sub-Sublessees to maintain and expand their respective business operations in the State of New York; and

(e) Based upon representations of the Company and counsel to the Company, the Facility conforms with the local zoning laws and planning regulations of the Town of Brookhaven, Suffolk County, and all regional and local land use plans for the area in which the Facility is located; and

(f) It is desirable and in the public interest for the Agency to lease the Company Facility to the Company for further subleasing to the Sublessee and the Sub-Sublessees; and

(g) It is desirable and in the public interest for the Agency to lease the Equipment to the Sublessee; and

(h) The Termination of Lease Agreement will be an effective instrument whereby the Agency and the Company will terminate the Original Lease Agreement; and

(i) The Quitclaim Deed will be an effective instrument whereby the Agency will convey fee title to the Land and the existing improvements to the Company; and

(j) The Agency Bill of Sale will be an effective instrument whereby the Agency will convey fee title to the equipment leased to the Company pursuant to the Original Lease Agreement (the “**Existing Equipment**”), to the Company; and

(k) The Termination Agreement will be an effective instrument whereby the Agency, the Company and the Sublessee terminate the Original Transaction Documents; and

(l) The Company Lease will be an effective instrument whereby the Agency leases the Land and the Improvements from the Company; and

(m) The Lease Agreement will be an effective instrument whereby the Agency leases the Facility to the Company, the Agency and the Company set forth the terms and conditions of their agreement regarding payments-in-lieu of taxes, the Company agrees to comply with all Environmental Laws (as defined therein) applicable to the Facility and will describe the circumstances in which the Agency may recapture some or all of the benefits granted to the Company; and

(n) The Equipment Lease Agreement will be an effective instrument whereby the Agency leases the Equipment to the Sublessee; and

(o) The Agency Compliance Agreement will be an effective instrument whereby the Sublessee will make certain assurances to the Agency with respect to the Facility; and

(p) The Perfumania Tenant Agency Compliance Agreement will be an effective instrument whereby Perfumania will make certain assurances to the Agency with respect to the Facility; and

(q) The Model Reorg Tenant Agency Compliance Agreement will be an effective instrument whereby Model Reorg will make certain assurances to the Agency with respect to the Facility; and

(r) The Pro’s Choice Tenant Agency Compliance Agreement will be an effective instrument whereby Pro’s Choice will make certain assurances to the Agency with respect to the Facility; and

(s) The QKHealthcare Tenant Agency Compliance Agreement will be an effective instrument whereby QKHealthcare will make certain assurances to the Agency with respect to the Facility; and

(t) The Loan Documents to which the Agency is a party will be effective instruments whereby the Agency and the Company agree to secure the Loan made to the Company by the Lender.

Section 3. The Agency has assessed all material information included in connection with the Company’s, the Sublessee’s and the Sub-Sublessees’ application for financial assistance, including but not limited to, the cost-benefit analysis prepared by the Agency and such information has provided the Agency a reasonable basis for its decision to provide the financial assistance described herein to the Company and the Sublessee.

Section 4. In consequence of the foregoing, the Agency hereby determines to: (i) terminate the Original Lease Agreement pursuant to the Termination of Lease Agreement; (ii) execute and deliver the Termination of Lease Agreement; (iii) reconvey fee title to the Land and the existing improvements to the Company pursuant to the Quitclaim Deed; (iv) execute and deliver the Quitclaim Deed; (v) reconvey fee title to the Existing Equipment to the Company pursuant to the Agency Bill of Sale; (vi) execute and deliver the Agency Bill of Sale; (vii) terminate the Original Transaction Documents pursuant to the Termination Agreement; (viii) execute and deliver the Termination Agreement; (ix) lease the Land and the Improvements from the Company pursuant to the Company Lease, (x) execute, deliver and perform the Company Lease, (xi) lease and sublease the Company Facility to the Company pursuant to the Lease Agreement, (xii) execute, deliver and perform the Lease Agreement, (xiii) lease the Equipment to the Sublessee pursuant to the Equipment Lease Agreement; (xiv) execute, deliver and perform the Equipment Lease Agreement; (xv) execute and deliver the Agency Compliance Agreement; (xvi) execute and deliver the Perfumania Tenant Agency Compliance Agreement; (xvii) execute and deliver the Model Reorg Tenant Agency Compliance Agreement; (xviii) execute and deliver the Pro's Choice Tenant Agency Compliance Agreement; (xix) execute and deliver the QKHealthcare Tenant Agency Compliance Agreement; (xx) grant a mortgage on and security interest in and to the Facility pursuant to the Loan Documents, and (xxi) execute, deliver and perform the Loan Documents to which the Agency is a party.

Section 5. The Agency is hereby authorized to acquire the real property and personal property described in Exhibit A and Exhibit B, respectively, to the Lease Agreement, and the real property described in Exhibit A to the Equipment Lease Agreement, and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 6. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company and the Sublessee in connection with the acquisition, renovation and equipping of the Facility in the form of: (i) exemptions from mortgage recording taxes for one or more mortgages securing the principal amount presently estimated to be \$50,000,000 but not to exceed \$55,000,000 in connection with the financing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping of the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$24,150, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit C hereof), consistent with the policies of the Agency.

Section 7. Subject to the provisions of this resolution, the Company and the Sublessee are herewith and hereby appointed the agents of the Agency to acquire, renovate and equip the Facility. The Company and the Sublessee are hereby empowered to delegate their respective status as agents of the Agency to their respective agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company and Sublessee may choose in order to acquire, renovate and equip the Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen,

vendors and suppliers of the Company and the Sublessee as agents of the Agency solely for purposes of making sales or leases of goods, services and supplies to the Facility, and any such transaction between any agent, subagent, contractor, subcontractor, materialmen, vendor or supplier, and the Company and/or the Sublessee, as agent of the Agency, shall be deemed to be on behalf of the Agency and for the benefit of the Facility. This agency appointment expressly excludes the purchase by the Company and the Sublessee of any motor vehicles, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets. The Company and the Sublessee shall indemnify the Agency with respect to any transaction of any kind between and among the agents, subagents, contractors, subcontractors, materialmen, vendors and/or suppliers and the Company and/or the Sublessee, as agent of the Agency. The aforesaid appointment of the Company and the Sublessee as agents of the Agency to acquire, renovate and equip the Facility shall expire at the earlier of (a) the completion of such activities and improvements, (b) a date which the Agency designates, or (c) the date on which the Company and the Sublessee have received exemptions from sales and use taxes in an amount not to exceed \$24,150 in connection with the purchase or lease of equipment, building materials, services or other personal property; provided however, such appointment may be extended at the discretion of the Agency, upon the written request of the Company and/or the Sublessee if such activities and improvements are not completed by such time. The aforesaid appointment of the Company and the Sublessee is subject to the completion of the transaction and the execution of the documents contemplated by this resolution.

Section 8. The Company and the Sublessee hereby agree to comply with Section 875 of the Act. The Company and the Sublessee further agree that the tax exemptions and abatements provided pursuant to the Act and the appointment of the Company and the Sublessee as agent of the Agency pursuant to this Authorizing Resolution are subject to termination and recapture of benefits pursuant to Sections 859-a and 875 of the Act and the recapture provisions of the Lease Agreement and the Agency Compliance Agreement.

Section 9. The form and substance of the Termination of Lease Agreement, the Quitclaim Deed, the Agency Bill of Sale, the Termination Agreement, the Company Lease, the Lease Agreement, the Equipment Lease Agreement, the Agency Compliance Agreement, the Perfumania Tenant Agency Compliance Agreement, the Model Reorg Tenant Agency Compliance Agreement, the Pro's Choice Tenant Agency Compliance Agreement, the QKHealthcare Tenant Agency Compliance Agreement and the Loan Documents to which the Agency is a party (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redated and renamed) are hereby approved.

Section 10.

(a) The Chairman, the Chief Executive Officer of the Agency or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Termination of Lease Agreement, the Quitclaim Deed, the Agency Bill of Sale, the Termination Agreement, the Company Lease, the Lease Agreement, the Equipment Lease Agreement, the Agency Compliance Agreement, the Perfumania Tenant Agency Compliance Agreement, the Model Reorg Tenant Agency Compliance Agreement, the Pro's Choice

Tenant Agency Compliance Agreement, the QKHealthcare Tenant Agency Compliance Agreement and the Loan Documents to which the Agency is a party, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, the Chief Executive Officer of the Agency or any member of the Agency shall approve, and such other related documents as may be, in the judgment of the Chairman and counsel to the Agency, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the “**Agency Documents**”). The execution thereof by the Chairman, the Chief Executive Officer of the Agency or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, the Chief Executive Officer of the Agency or any member of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

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 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. Any expenses incurred by the Agency with respect to the Facility shall be paid by the Company, the Sublessee and the Sub-Sublessees. By acceptance hereof, the Company, the Sublessee and the Sub-Sublessees agree to pay such expenses and further agree to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Facility.

Section 13. This resolution shall take effect immediately.

ADOPTED: NOVEMBER 15, 2017

ACCEPTED: _____, 2017

35 SAWGRASS, LLC

By: _____
Name:
Title:

**PRO'S CHOICE BEAUTY CARE,
INC.**

By: _____
Name:
Title:

QUALITY KING DISTRIBUTORS, INC.

By: _____
Name:
Title:

QKHEALTHCARE, INC.

By: _____
Name:
Title:

PERFUMANIA HOLDINGS, INC.

By: _____
Name:
Title:

MODEL REORG ACQUISITION, LLC

By: _____
Name:
Title:

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

I, the undersigned Secretary of the Town of Brookhaven Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Town of Brookhaven Industrial Development Agency (the "Agency"), including the resolutions contained therein, held on the 15th day of November, 2017, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

That the Agency Documents contained in this transcript of proceedings are each in substantially the form presented to the Agency and/or approved by said meeting.

I FURTHER CERTIFY that public notice of the time and place of said meeting was duly given to the public and the news media in accordance with the New York Open Meetings Law, constituting Chapter 511 of the Laws of 1976 of the State of New York, that all members of said Agency had due notice of said meeting and that the meeting was all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 15th day of November, 2017.

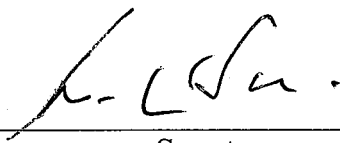
By: 
Secretary

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Article 18-A of the New York State General Municipal Law, will be held by the Town of Brookhaven Industrial Development Agency on the 14th day of November, 2017 at 10:30 a.m., local time, at One Independence Hill, 2nd Floor, Farmingville, New York, in connection with the following matters:

35 Sawgrass, LLC, a limited liability company organized and existing under the laws of the State of Delaware and authorized to do business in the State of New York, on behalf of itself and/or the principals of 35 Sawgrass, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "**Company**") and Quality King Distributors, Inc., a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Quality King Distributors, Inc. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "**Sublessee**"), have applied to the Town of Brookhaven Industrial Development Agency (the "**Agency**"), to enter into a transaction in which the Agency will assist in (a) the continued leasing of an approximately 37.0 acre parcel of land located at 35 Sawgrass Drive, in the Brookhaven Industrial Park, hamlet of Bellport, Town of Brookhaven, Suffolk County, New York (the "**Land**"), the renovation of an existing approximately 560,000 square foot building thereon (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 by the Agency to the Company, further subleased by the Company to the Sublessee and further sub-subleased by the Sublessee in part to (i) Perfumania Holdings, Inc., a Florida business corporation ("**Perfumania**"), (ii) Model Reorg Acquisition, LLC, a Delaware limited liability company ("**Model Reorg**"), (iii) Pro's Choice Beauty Care, Inc., a New Jersey business corporation ("**Pro's Choice**"), and (iv) QKHealthcare, Inc., a Delaware business corporation ("**QKHealthcare**"; and together with Perfumania, Model Reorg and Pro's Choice, the "**Sub-Sublessees**"), and (b) the acquisition and installation of certain equipment and personal property (the "**Equipment**"; and together with the Company Facility, the "**Facility**"), which Equipment is to be leased by the Agency to the Sublessee and which Facility is to be used by the Sublessee and the Sub-Sublessees for the warehousing, assembly, repackaging and wholesale distribution of health and beauty and fragrance products (the "**Project**"). The Facility is currently owned by the Agency and leased to the Company and subleased by the Company to the Sublessee. It is contemplated that the Agency and the Company will terminate the existing lease structure and reconvey fee title to the Facility from the Agency to the Company. The Agency and the Company will then enter into a new Company Lease Agreement whereby the Company will lease the project to the Agency and the Agency will lease the Facility back to the Company pursuant to the terms of a Lease and Project Agreement. The Company will sublease the Facility to the Sublessee and the Sublessee will sub-sublease the Facility to the Sub-Sublessees. The Facility will be

initially owned, operated and/or managed by the Company. The Equipment will be initially owned, operated and/or managed by the Sublessee.

The Agency contemplates that it will provide financial assistance to the Company, the Sublessee and the Sub-Sublessees in the form of exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes and abatement of real property taxes, consistent with the policies of the Agency.

A representative of the Agency will at the above-stated time and place hear and accept written comments from all persons with views in favor of or opposed to either the proposed financial assistance to the Company, the Sublessee and the Sub-Sublessees or the location or nature of the Facility. At the hearing, all persons will have the opportunity to review the application for financial assistance filed by the Company, the Sublessee and the Sub-Sublessees with the Agency and an analysis of the costs and benefits of the proposed Facility.

Dated: November 4, 2017

TOWN OF BROOKHAVEN INDUSTRIAL
DEVELOPMENT AGENCY

By: Lisa MG Mulligan
Title: Chief Executive Officer

EXHIBIT B

MINUTES OF PUBLIC HEARING HELD ON
NOVEMBER 14, 2017

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY
(35 SAWGRASS, LLC/QUALITY KING DISTRIBUTORS, INC. 2017 FACILITY)

Section 14. Lisa MG Mulligan, Chief Executive Officer of the Town of Brookhaven Industrial Development Agency (the “Agency”) called the hearing to order.

Section 15. Lisa MG Mulligan then appointed herself the hearing officer of the Agency, to record the minutes of the hearing.

Section 16. The hearing officer then described the proposed transfer of the real estate, the other financial assistance proposed by the Agency and the location and nature of the Facility as follows:

35 Sawgrass, LLC, a limited liability company organized and existing under the laws of the State of Delaware and authorized to do business in the State of New York, on behalf of itself and/or the principals of 35 Sawgrass, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”) and Quality King Distributors, Inc., a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of Quality King Distributors, Inc. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Sublessee**”), have applied to the Town of Brookhaven Industrial Development Agency (the “**Agency**”), to enter into a transaction in which the Agency will assist in (a) the continued leasing of an approximately 37.0 acre parcel of land located at 35 Sawgrass Drive, in the Brookhaven Industrial Park, hamlet of Bellport, Town of Brookhaven, Suffolk County, New York (the “**Land**”), the renovation of an existing approximately 560,000 square foot building thereon (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 by the Agency to the Company, further subleased by the Company to the Sublessee and further sub-subleased by the Sublessee in part to (i) Perfumania Holdings, Inc., a Florida business corporation (“**Perfumania**”), (ii) Model Reorg Acquisition, LLC, a Delaware limited liability company (“**Model Reorg**”), (iii) Pro’s Choice Beauty Care, Inc., a New Jersey business corporation (“**Pro’s Choice**”), and (iv) QKHealthcare, Inc., a

Delaware business corporation (“**QKHealthcare**”; and together with Perfumania, Model Reorg and Pro’s Choice, the “**Sub-Sublessees**”), and (b) the acquisition and installation of certain equipment and personal property (the “**Equipment**”; and together with the Company Facility, the “**Facility**”), which Equipment is to be leased by the Agency to the Sublessee and which Facility is to be used by the Sublessee and the Sub-Sublessees for the warehousing, assembly, repackaging and wholesale distribution of health and beauty and fragrance products (the “**Project**”). The Facility is currently owned by the Agency and leased to the Company and subleased by the Company to the Sublessee. It is contemplated that the Agency and the Company will terminate the existing lease structure and reconvey fee title to the Facility from the Agency to the Company. The Agency and the Company will then enter into a new Company Lease Agreement whereby the Company will lease the project to the Agency and the Agency will lease the Facility back to the Company pursuant to the terms of a Lease and Project Agreement. The Company will sublease the Facility to the Sublessee and the Sublessee will sub-sublease the Facility to the Sub-Sublessees. The Facility will be initially owned, operated and/or managed by the Company. The Equipment will be initially owned, operated and/or managed by the Sublessee.

The Agency contemplates that it will provide financial assistance to the Company, the Sublessee and the Sub-Sublessees in the form of exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility, exemptions from sales and use taxes and abatement of real property taxes, consistent with the policies of the Agency.

Section 17. The hearing officer then opened the hearing for comments from the floor for or against the proposed transfer of real estate, the other financial assistance proposed by the Agency and the location and nature of the Facility. The following is a listing of the persons heard and a summary of their views:

Dr. Sam Gergis, South Country Central School District

1. Concern of any tax impact on school district. Revenue stream: same, increase, decrease.
2. Any economic opportunities, be it: internships, employment, etc.

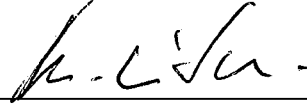
Section 18. The hearing officer then asked if there were any further comments, and, there being none, the hearing was closed at 11:00 a.m.

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

I, the undersigned Secretary of the Town of Brookhaven Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the foregoing copy of the minutes of a public hearing held by the Town of Brookhaven Industrial Development Agency (the "Agency") on November 14, 2017, at 10:30 a.m., local time, at One Independence Hill, 2nd Floor, Farmingville, New York, with the original thereof on file in the office of the Agency, and that the same is a true and correct copy of the minutes in connection with such matter.

IN WITNESS WHEREOF, I have hereunto set my hand as of November 14, 2017.



Secretary

EXHIBIT C

Proposed PILOT Schedule

Schedule of payments-in-lieu-of-taxes: Town of Brookhaven, (including any existing incorporated village and any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located), South Country Central School District, Suffolk County and Appropriate Special Districts

<u>Tax Year</u>	<u>PILOT Payment Amount</u>
2017/2018	\$61,722.00
2018/2019	\$62,956.00
2019/2020	\$64,215.00
2020/2021	\$91,302.00
2021/2022	\$186,255.00
2022/2023	\$284,970.00
2023/2024	\$387,560.00
2024/2025	\$494,139.00
2025/2026	\$604,826.00
2026/2027	\$719,742.00
2027/2028	\$839,014.00
2028/2029	\$962,768.00
2029/2030	\$1,091,137.00

Date: August 16, 2017

At a meeting of the Town of Brookhaven Industrial Development Agency (the “Agency”), held on the 16th day of August, 2017 at 8:00 a.m. local time, Town of Brookhaven, 1 Independence Hill, 3rd Floor, Farmingville, New York 11738, the following members of the Agency were:

Present: Frederick C. Braun, III
Martin Callahan
Felix J. Grucci, Jr.
Michael Kelly
Gary Pollakusky
Ann-Marie Scheidt

Recused:

Absent: Scott Middleton

Also Present: Lisa M. G. Mulligan, Chief Executive Officer

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on a proposed lease extension in connection with a certain industrial development facility more particularly described below (35 Sawgrass, LLC/Quality King Distributors, Inc. Facility) and approving the execution and delivery of related documents.

The following resolution was duly moved, seconded, discussed and adopted with the following members voting:

Voting Aye

Braun
Callahan
Grucci
Kelly
Pollakusky
Scheidt

Voting Nay

RESOLUTION OF THE TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZING AN
EXTENSION TO AN EXISTING LEASE AGREEMENT AND
THE EXECUTION AND DELIVERY OF LOAN DOCUMENTS
IN CONNECTION THEREWITH FOR THE 35 SAWGRASS,
LLC/QUALITY KING DISTRIBUTORS, INC. FACILITY AND
APPROVING THE FORM, SUBSTANCE, EXECUTION AND
DELIVERY OF SUCH RELATED DOCUMENTS

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 358 of the Laws of 1970 of the State of New York, as may be amended from time to time (collectively, the “**Act**”), the Town of Brookhaven Industrial Development Agency (the “**Agency**”) was created with the authority and power, among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, the Agency previously entered into a straight lease transaction on behalf of Sarg, LLC, a New York limited liability company duly organized and validly existing under the laws of the State of New York (the “**Original Company**”), in connection with the acquisition, construction and equipping of an approximately 560,000 square foot building located on an approximately 37.0 acre parcel of land located on Sawgrass Drive, in the Brookhaven Industrial Park, Hamlet of Bellport, Town of Brookhaven, Suffolk County, New York (District 0200, Section 843.00, Block 04.00, Lot 001.000, f/k/a District 0200, Section 813.00, Block 01.00, P/O Lot 008.016), which was leased by the Agency to the Original Company and subleased by the Original Company to the Sublessee, for the warehousing, assembly, repackaging and wholesale distribution of health and beauty and fragrance products and for administrative offices of the Sublessee (the “**Original Facility**”); and

WHEREAS, the Agency leased the Original Facility to the Original Company pursuant to and in accordance with a certain Lease Agreement, dated as of January 1, 2005 (the “**Original Lease Agreement**”), by and between the Agency and the Original Company, and a Memorandum of Lease Agreement, dated as of January 1, 2005, with respect to the Lease Agreement, was recorded in the Suffolk County Clerk’s Office on February 7, 2005 in Liber D00012370 of Deeds, Page 247; and

WHEREAS, the Original Company subleased the Original Facility to the Sublessee pursuant to and in accordance with a certain Sublease Agreement, dated January 1, 2005 (the “**Sublease Agreement**”), by and between the Original Company and the Sublessee, and a Memorandum of Sublease Agreement, dated as of January 1, 2005, with respect to the Sublease Agreement, was recorded in the Suffolk County Clerk’s Office on February 7, 2005 in Liber D00012370 of Deeds, Page 248; and

WHEREAS, in connection with the leasing and the subleasing of the Original Facility, the Agency, the Original Company and the Sublessee entered into a Payment-in-Lieu-of-Tax Agreement, dated as of January 1, 2005 (the “**Original PILOT Agreement**”), whereby the Original Company and the Sublessee agreed to make certain payments-in-lieu-of real property taxes on the Original Facility (as defined therein); and

WHEREAS, in connection with the leasing and the subleasing of the Original Facility, the Agency, the Original Company and the Sublessee entered into an Environmental Compliance and Indemnification Agreement, dated as of January 1, 2005 (the “**Original Environmental Compliance and Indemnification Agreement**”), whereby the Original Company and the Sublessee agreed to comply with all Environmental Laws (as defined therein) applicable to the Original Facility; and

WHEREAS, the Agency previously consented to a request from the Original Company to assign the Original Company’s leasehold estate and reversionary interest in the Original Facility pursuant to the Original Lease Agreement, which was amended and restated in a certain Assignment, Assumption and Release Agreement and Amended and Restated Lease Agreement, dated as of August 1, 2006 (the “**Assignment, Assumption and Release Agreement**”), a memorandum of which Assignment, Assumption and Release Agreement was to be recorded in the Suffolk County Clerk’s Office, to the Assignee, and the Original Company assigned to the Assignee all of the Original Company’s rights, title, interest, duties, liabilities and obligations in, to and under the Original Lease Agreement, the Original PILOT Agreement, the Original Environmental Compliance and Indemnification Agreement, and the Assignee assumed all of the Original Company’s rights, title, interest, duties, liabilities and obligations in, to and under the Original Lease Agreement, the Original PILOT Agreement, the Original Environmental Compliance and Indemnification Agreement and the Assignment, Assumption and Release Agreement; and

WHEREAS, as a condition for it to enter into and perform the transactions contemplated by the Original Lease Agreement, as assigned, assumed and released, the Agency, Assignee and the Sublessee entered into an Amended and Restated Environmental Compliance and Indemnification Agreement, dated as of August 1, 2006 (the “**Amended and Restated Environmental Compliance and Indemnification Agreement**”); and

WHEREAS, the Agency required, as a condition and as an inducement for it to enter into and perform the transactions contemplated by the Lease Agreement, as assigned, assumed and released, and the Amended and Restated Environmental Compliance and Indemnification Agreement, that the Assignee and the Sublessee enter into, execute, deliver and perform an Amended and Restated PILOT Agreement, dated as of August 1, 2006 (the “**Amended and Restated PILOT Agreement**”); and

WHEREAS, the Agency agreed to assist in the acquisition, installation and equipping of a photovoltaic system on the roof of the Original Facility (the “**2011 Facility**”), all to be leased by the Agency to the Company; and

WHEREAS, on September 9, 2011, the Agency held a public hearing, following publication on August 26, 2011 of notice of such public hearing, with respect to the acquisition, installation and equipping of the 2011 Facility; and

WHEREAS, by resolution adopted by the Agency on September 12, 2011, the Agency decided, pursuant to the provisions of the Act, to proceed with acquisition, installation and equipping of the 2011 Facility and to amend the existing Original Lease

Agreement, as assigned, assumed and released, pursuant to a certain Amendment and Modification Agreement (the “**Amendment and Modification Agreement**”), with respect to the 2011 Facility; and

WHEREAS, the Agency continued to lease the Facility to the Company pursuant to the terms of the Original Lease Agreement, as assigned, assumed and released, as amended by the Amendment and Modification Agreement, a memorandum of which amendment to the Lease Agreement was intended to be recorded in the Suffolk County Clerk’s Office; and

WHEREAS, in connection with the leasing and subleasing of the Facility, the Agency, the Company and the Sublessee amended and restated the Amended and Restated PILOT Agreement pursuant to a certain Second Amended and Restated Payment in Lieu of Tax Agreement, dated as of November 1, 2011 (the “**Second Amended and Restated PILOT Agreement**”), pursuant to which the Company and the Sublessee agreed to make payments in lieu of taxes on the 2011 Facility; and

WHEREAS, upon execution and delivery of the Second Amended and Restated PILOT Agreement, the Agency requested the Assessor of the Town of Brookhaven (the “**Town Assessor**”), to file the fifteen (15) year New York State Solar Panel Exemption (the “**Exemption**”) with respect to the 2011 Facility; and

WHEREAS, the Agency previously assisted in the conversion of approximately 10,000 square feet of existing storage space located on the Original Facility to office space (the “**2013 Facility**”; and together with the Original Facility and the 2011 Facility, the “**Facility**”) all to be leased by the Agency to the Company; and

WHEREAS, the Agency continued to lease the Facility to the Company pursuant to the terms of the Original Lease Agreement, as assigned, assumed and released, as amended by the Amendment and Modification Agreement, and as further amended by a certain Second Amendment and Modification Agreement, dated as of December 1, 2013 (the “**Second Amendment and Modification Agreement**”; and, together with the Original Lease, the Assignment, Assumption and Release Agreement, and the Amendment and Modification Agreement, the “**Lease Agreement**”), between the Agency and the Company, a memorandum of which Second Amendment and Modification Agreement was to be recorded in the Suffolk County Clerk’s Office; and

WHEREAS, in connection with the leasing and subleasing of the Facility, the Agency, the Company and the Sublessee amended and restated the PILOT Agreement pursuant to a certain Third Amended and Restated Payment in Lieu of Tax Agreement, dated as of December 1, 2013 (the “**Third Amended and Restated PILOT Agreement**”), pursuant to which the Company and the Sublessee agreed to make payments in lieu of taxes on the 2013 Facility; and

WHEREAS, in connection with the Third Amended and Restated Payment in Lieu of Tax Agreement, the Agency and the Company agreed to extend the term of the Lease Agreement to be coterminous with the term of the Third Amended and Restated PILOT Agreement; and

WHEREAS, the Agency desires to enter into an Extension of Lease Agreement, dated as of August 16, 2017 (the “**Extension of Lease**”), between the Agency and the Company, to be recorded in the Suffolk County Clerk’s office, which Extension of Lease will provide for the continued leasing of the Facility by the Agency to the Company for a term to expire on November 30, 2026; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York;

WHEREAS, the Company has agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transactions contemplated herein and the continued leasing and subleasing of the Facility.

NOW, THEREFORE, BE IT RESOLVED by the Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. The Agency hereby finds and determines:

- (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.
- (b) The Facility continues to constitute a “project” as such term is defined in the Act.
- (c) The continued leasing of the Facility will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the Town of Brookhaven, Suffolk County and the State of New York and improve their standard of living and thereby serve the public purposes of the Act.
- (d) The continued leasing of the Facility as contemplated in this resolution is reasonably necessary to maintain the competitive position of the Company in its industry.
- (e) Based upon representations of the Company and counsel to the Company, the Facility continues to conform with the local zoning laws and planning regulations of the Town of Brookhaven and all regional and local land use plans for the area in which the Facility is located.
- (f) It is desirable and in the public interest for the Agency to assist in the continued leasing of the Facility.
- (g) The Extension of Lease will be an effective instrument whereby the Agency and the Company agree to extend the term of the Lease Agreement.

Section 2. In consequence of the foregoing, the Agency hereby determines to: (i) consent to the Extension of Lease, and (ii) execute, deliver and perform the Extension of Lease.

Section 3. Subject to the provisions of this resolution and the Lease Agreement, the Agency is hereby authorized to do all things necessary or appropriate for the execution, delivery and performance of the Extension of Lease, and such other related documents as may be necessary or appropriate to effect the extension of the lease term, and all acts heretofore taken by the Agency with respect to such lease extension are hereby approved, ratified and confirmed.

Section 4.

(a) Subject to the provisions of this resolution and the Lease Agreement, the Chairman, Chief Executive Officer, and all other members of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Extension of Lease, and such documents as may be, in the judgment of the Chairman and Agency Counsel, necessary or appropriate to effect the transactions contemplated by this resolution (hereinafter collectively called the “**Agency Documents**”). The execution thereof by the Chairman, Chief Executive Officer, or any member of the Agency shall constitute conclusive evidence of such approval; and

(b) The Chairman, Chief Executive Officer, and any member of the Agency are further hereby authorized, on behalf of the Agency, to designate any additional authorized representatives of the Agency.

Section 6. Subject to the provisions of this resolution and the Lease Agreement, 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, 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 7. Any expenses incurred by the Agency with respect to the transactions contemplated herein shall be paid by the Company.

Section 8. This resolution shall take effect immediately.

ADOPTED: August 16, 2017

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

I, the undersigned Secretary of the Town of Brookhaven Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the meeting of the Town of Brookhaven Industrial Development Agency (the “**Agency**”), including the resolutions contained therein, held on the 16th day of August, 2017, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

That the Agency Documents contained in this transcript of proceedings are each in substantially the form presented to the Agency and/or approved by said meeting.

I FURTHER CERTIFY that public notice of the time and place of said meeting was duly given to the public and the news media in accordance with the New York Open Meetings Law, constituting Chapter 511 of the Laws of 1976 of the State of New York, that all members of said Agency had due notice of said meeting and that the meeting was all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 16th day of August, 2017.

By _____
Secretary