

Date: November 18, 2015

At a meeting of the Town of Brookhaven Industrial Development Agency (the "Agency"), held at 1 Independence Hill, 3rd Floor, Farmingville, New York 11738 on the 18th day of November, 2015, the following members of the Agency were:

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

Recused:

Absent:

Also Present: Lisa MG 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 (Scheff Family Realty Co., LLC/The Burmax Company, Inc. 2015 Facility) and the leasing of the facility to Scheff Family Realty Co., LLC for further subleasing to The Burmax Company, Inc.

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

Voting Aye

F. Braun  
M. Callahan  
A. Scheidt  
M. Kelly  
S. Middleton  
F. Grucci, Jr.

Voting Nay

RESOLUTION OF THE TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE APPOINTMENT OF SCHEFF FAMILY REALTY CO., LLC, A NEW YORK LIMITED LIABILITY COMPANY, ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF SCHEFF FAMILY REALTY CO., LLC AND/OR AN ENTITY FORMED OR TO BE FORMED AND THE BURMAX COMPANY, INC., A NEW YORK BUSINESS CORPORATION ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF THE BURMAX COMPANY, INC. AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AS AGENT(S) OF THE AGENCY FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING AND EQUIPPING AN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS AND MAKING CERTAIN FINDINGS AND DETERMINATIONS

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, by resolution duly adopted on July 12, 1994 (the "**July 1994 Resolution**"), decided to proceed under the provisions of the Act to acquire and lease an industrial development facility to Scheff Family Realty Co., LLC, a New York limited liability company (the "**Company**"), consisting of an approximately 13.50 acre parcel of land located at 28 Barretts Avenue, Holtsville, New York and the construction and equipping of an approximately 85,000 square foot building located thereon, to be subleased to and used by The Burmax Company, Inc., a New York business corporation (the "**Sublessee**"), as a warehouse, office space and distribution center for the wholesale importing and re-distribution of beauty products (the "**Original Facility**"); and

WHEREAS, the Agency acquired title to the Original Facility pursuant to a Bargain and Sale Deed, dated as of July 28, 1994 (the "**Deed**"), which Deed was recorded in the Suffolk County Clerk's office; and

WHEREAS, the Agency leased the Original Facility to the Company pursuant to the terms of a Lease Agreement, dated as of July 1, 1994, as amended by an Amended Lease and Memorandum, dated December 20, 1995 (collectively, the "**Original Lease Agreement**"), each between the Agency and the Company, and a memorandum of such Original Lease Agreement was recorded in the Suffolk County Clerk's office; and

WHEREAS, the Company subleased the Original Facility to the Sublessee pursuant to the terms of a Sublease Agreement, dated as of July 28, 1994 (the "**Original Sublease**"), between the Company and the Sublessee, and a memorandum of such Original Sublease was to be recorded in the Suffolk County Clerk's office; and

WHEREAS, the Agency previously agreed to lease the Equipment (as defined in the Lease Agreement) to the Sublessee pursuant to an Equipment Lease Agreement, dated as of July 1, 1994 (the "**1994 Equipment Lease**"), by and between the Agency and the Sublessee; and

WHEREAS, the Agency previously pledged its interests under the Original Lease Agreement to the hereinafter defined 1994 Lender pursuant to a Pledge and Assignment Agreement, dated as of July 1, 1994 (the "**Pledge and Assignment**"), together with an Acknowledgement of such pledge and assignment from the Company, and which such Pledge and Assignment was recorded in the Suffolk County Clerk's office; and

WHEREAS, the Agency previously agreed to grant mortgage liens on the Original Facility pursuant to the terms of a certain Mortgage (Series A) and a certain Mortgage (Series B), each dated July 28, 1994 (collectively, the "**1994 Mortgages**"), and each from the Agency and the Company to Chemical Bank, a New York banking corporation (the "**1994 Lender**" and "**Bondholder**"), as security for the Agency's 1994 Taxable Industrial Development Revenue Bonds (Scheff Family Realty Corp./The Burmax Company, Inc. Facility), Series A, Series B and Series C, each dated as of July 28, 1994 in the aggregate principal amount of \$4,866,394 (collectively, the "**Bonds**"); and

WHEREAS, the Agency by resolution duly adopted on December 18, 1995 (the "**December 1995 Resolution**"), the Agency, the Company, the Sublessee and the 1994 Lender agreed to a partial redemption of the Series B Bond and to amend the Series B Bond to adjust the amortization of the Series B Bond to reflect such partial redemption pursuant to the terms of a Correction, Waiver and Ratification Agreement, dated as of December 20, 1995 (the "**Correction Agreement**"); and

WHEREAS, the Agency, by resolution duly adopted on August 18, 2004 (the "**August 2004 Resolution**" and, together with the July 1994 Resolution and the December 1995 Resolution, the "**Resolutions**"), consented to a request from the Company related to the refinancing of the Original Facility pursuant to a loan from Independence Community Bank (the "**2004 Lender**"), pursuant to the terms of: (i) a certain Mortgage, dated September 8, 2004 (the "**2004 Mortgage**"), from the Company and the Agency to the 2004 Lender; and (ii) a certain Consolidation, Extension and Modification Agreement, dated September 8, 2004 (the "**Mortgage Consolidation**"); and, together with the 2004 Mortgage, the "**2004 Mortgage Loan**"); and

WHEREAS, the Bonds have been paid and the Pledge and Assignment has been released of record; and

WHEREAS, the Company and the Sublessee previously requested that the Agency provide its assistance in the construction and equipping of an approximately 12,000 square

foot of warehouse space, to be located adjacent to the Original Facility, including, but not limited to, the acquisition of equipment, all to be leased by the Agency to the Company and subleased by the Company to, and used by, the Sublessee, in its continued wholesale importing and re-distribution of beauty supply products throughout the United States, Canada and South America (the **"2009 Facility"**), all which is leased to the Company pursuant to a certain Amended and Restated Lease Agreement, dated February 5, 2009 (the **"Amended and Restated Lease Agreement"**); and

WHEREAS, in connection with the 2009 Facility, the Agency has previously granted the Company and the Sublessee abatement of real property taxes on the 2009 Facility pursuant to a certain Amended and Restated Payment-in-Lieu-of-Tax Agreement, dated as of February 1, 2009 (the **"2009 PILOT Agreement"**), by and among the Agency, the Company and the Sublessee; and

WHEREAS, in order to finance a portion of the construction and equipping costs of the 2009 Facility, Sovereign Bank, successor in interest to Independence Community Bank, a duly organized and validly existing New York banking corporation (the **"2009 Lender"**), previously made a loan to the Company in the aggregate principal amount of \$6,180,000 (the **"2009 Loan"**), which 2009 Loan was secured by a mortgage granted on the 2009 Facility and the Original Facility by the Company and the Agency to the 2009 Lender, subject to permitted encumbrances thereon, pursuant to a certain Mortgage Modification Agreement, dated February 5, 2009 (the **"2009 Mortgage"**), from the Company and the Agency to the 2009 Lender; and

WHEREAS, in order to further secure the Company's obligations to the 2009 Lender, the Company and the Agency previously executed and delivered to the 2009 Lender a certain Amended and Restated Assignment of Leases and Rents, dated February 5, 2009 (the **"2009 Assignment of Rents"**), from the Company and the Agency to the 2009 Lender; and

WHEREAS, the Company and the Sublessee previously entered into a certain Recapture Agreement, dated as of February 1, 2009 (the **"Original Recapture Agreement"**), by and among the Agency, the Company and the Sublessee, in order to reflect the repayment obligations of the Company and the Sublessee upon the occurrence of a Recapture Event (as defined therein); and

WHEREAS, in connection with the leasing of the Original Facility and the 2009 Facility, the Agency, the Company and the Sublessee entered into a certain Environmental Compliance and Indemnification Agreement, dated as of February 1, 2009 (the **"Original Environmental Compliance and Indemnification Agreement"**), whereby, among other things, the Company and the Sublessee agreed to comply with all Environmental Laws (as defined in the Original Environmental Compliance and Indemnification Agreement) applicable to the Original Facility and the 2009 Facility; and

WHEREAS, the Company currently subleases the 2009 Facility and the Original Facility to the Sublessee pursuant to a certain Amended and Restated Sublease Agreement, dated February 5, 2009 (the **"Amended and Restated Sublease Agreement"**), by and between the Company and the Sublessee; and

WHEREAS, the Company and the Sublessee have now requested the Agency's assistance with respect to the acquisition, construction and equipping of an approximately 26,000 square foot addition to the Original Facility (the "**2015 Facility**"; and together with the Original Facility and the 2009 Facility, the "**Facility**"), including the following as they relate to the acquisition, construction and equipping of such Facility, whether or not any materials or supplies described below are incorporated into or become an integral part of such Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with the acquisition, construction and equipping of the Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with the acquisition, construction and equipping of the 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 such Facility; and

WHEREAS, the Company and the Sublessee have also requested the Agency's consent to an extension of the 2009 PILOT Agreement and the abatement of real property taxes on the 2009 Facility for a period to run coterminous with the abatement of real property taxes on the 2015 Facility; and

WHEREAS, the Agency will acquire a leasehold interest in or title to the 2015 Facility and lease the Facility to the Company pursuant to a certain Second Amended and Restated Lease Agreement, dated as of November 1, 2015 or such other date as the Chairman or Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**Second Amended and Restated Lease Agreement**"; and together with the Amended and Restated Lease Agreement and the Original Lease Agreement, the "**Lease Agreement**"), by and between the Agency and the Company; and

WHEREAS, the Agency will lease the 2015 Equipment (as defined in the hereinafter defined 2015 Equipment Lease Agreement) to the Sublessee pursuant to a certain 2015 Equipment Lease Agreement, dated as of November 1, 2015 or such other date as the Chairman or Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**2015 Equipment Lease Agreement**"), by and between the Agency and the Sublessee; and

WHEREAS, the Company will continue subleasing the Facility to the Sublessee pursuant to a certain Second Amended and Restated Sublease Agreement, dated a ate to be determined (the "**Second Amended and Restated Sublease Agreement**"; and together with the Amended and Restated Sublease Agreement and the Original Sublease, the "**Sublease Agreement**"), by and between the Company and the Sublessee; and

WHEREAS, in connection with the Sublease Agreement, the Sublessee and the Agency will enter into a certain Agency Compliance Agreement, dated as of November 1, 2015 or such other date as the Chairman or Chief Executive Officer of the Agency and counsel to the Agency shall agree (the "**Agency Compliance Agreement**"), between the Agency and the Sublessee, whereby the Sublessee will provide certain assurances to the Agency with respect to the Facility; and

WHEREAS, in order to define the Company's and the Sublessee's obligations regarding payments-in-lieu-of-taxes with respect to the Facility, the Agency, the Company and the Sublessee will enter into a certain Second Amended and Restated Payment-in-Lieu-of-Tax Agreement, dated as of November 1, 2015 or such date as may be determined by the Agency and counsel to the Agency (the "**2015 PILOT Agreement**"; and together with the 2009 PILOT Agreement, the "**PILOT Agreement**"), pursuant to which the Company and the Sublessee will make payments-in-lieu-of-taxes on the 2009 Facility and the 2015 Facility; and

WHEREAS, the Company and the Sublessee will enter into a certain Amended and Restated Recapture Agreement, dated as of November 1, 2015 or such date as may be determined by the Agency and counsel to the Agency (the "**Amended and Restated Recapture Agreement**"; and together with the Original Recapture Agreement, the "**Recapture Agreement**"), by and among the Agency, the Company and the Sublessee, in order to reflect the repayment obligations of the Company and the Sublessee upon the occurrence of a Recapture Event (as defined therein); and

WHEREAS, in connection with the leasing of the Facility, the Agency, the Company and the Sublessee will enter into a certain Amended and Restated Environmental Compliance and Indemnification Agreement, dated as of November 1, 2015 or such date as may be determined by the Agency and counsel to the Agency (the "**Amended and Restated Environmental Compliance and Indemnification Agreement**"; and together with the Original Environmental Compliance and Indemnification Agreement, the "**Environmental Compliance and Indemnification Agreement**"), whereby, among other things, the Company and the Sublessee will agree to comply with all Environmental Laws (as defined in the Environmental Compliance and Indemnification Agreement) applicable to the Facility; and

WHEREAS, as security for a loan or loans (as such term is defined in the Lease Agreement), the Agency and the Company will execute and deliver to a lender or lenders not yet determined (the "**Lender**"), a mortgage 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, construction and equipping of the Facility (collectively, the "**Loan Documents**"); and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company consistent with the policies of the Agency, in the form of (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be \$2,200,000 but not to exceed \$2,500,000 in connection with the financing of the acquisition, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, constructing and equipping the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$79,350, in connection with the purchase or lease of equipment, building materials, services or other personal property, and (iii) new and continued abatement of real property taxes on the 2015 Facility and the 2009 Facility (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 17, 2015, so that all persons with views in favor of or opposed to either the financial assistance contemplated by the Agency or the location or nature of the Facility, could be heard; and

WHEREAS, notice of the Hearing was given on November 6, 2015, and such notice (together with proof of publication), was substantially in the form annexed hereto as Exhibit A; and

WHEREAS, the report of the Hearing is substantially in the form annexed hereto as Exhibit B; and

WHEREAS, the Agency has given due consideration to the application of the Company and the Sublessee and to representations by the Company and the Sublessee that the proposed transfer of a leasehold interest or a fee title interest is either an inducement to the Company and/or the Sublessee to maintain and expand the Facility in the Town of Brookhaven or is necessary to maintain the competitive position of the Company and the Sublessee in their respective industry; 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 has prepared and submitted to the Agency an Environmental Assessment Form and related documents (the "**Questionnaire**") with respect to the Facility, a copy of which is on file at the office of the Agency; and

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

WHEREAS, the Company and the Sublessee 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 transfer of leasehold interest or a fee title interest in the Facility.

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

Section 1. Based upon the Environmental Assessment Form completed by the Company and the Sublessee 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.

(b) The acquisition, construction and equipping of the 2015 Facility, the continued leasing of the Facility to the Company, the continued subleasing of the Facility by the Company to the Sublessee, the acquisition and equipping of the 2015 Equipment and the leasing of the 2015 Equipment to the Sublessee 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; and

(c) The Facility constitutes a “project”, as such term is defined in the Act.

(d) The acquisition, construction and equipping of the Facility by the Agency is reasonably necessary to induce the Company and the Sublessee to maintain and expand their respective business operations in the State of New York.

(e) Based upon representations of the Company, the Sublessee and counsel to the Company and counsel to the Sublessee, the Facility conforms 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 lease the Facility to the Company and the 2015 Equipment to the Sublessee; and

(g) The Lease Agreement will be an effective instrument whereby the Agency leases the Facility to the Company; and

(h) The 2015 Equipment Lease Agreement will be an effective instrument whereby the Agency leases the 2015 Equipment to the Sublessee; and

(i) The PILOT Agreement will be an effective instrument whereby the Agency, the Company and the Sublessee set forth the terms and conditions of their agreement regarding the Company's and the Sublessee's payments in lieu of real property taxes; and

(j) The Recapture Agreement will be an effective instrument whereby the Agency, the Company and the Sublessee agree to provide for the obligations of the Company and the Sublessee under the Transaction Documents (as defined in the Lease Agreement) and describe the circumstances in which the Agency may recapture some or all of the benefits granted to the Company and the Sublessee; and



(k) The Environmental Compliance and Indemnification Agreement will be an effective instrument whereby the Company and the Sublessee agree 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; and

(l) The Agency Compliance Agreement will be an effective instrument whereby the Sublessee will provide certain assurances to the Agency with respect to the Sublease Agreement; and

(m) 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. In consequence of the foregoing, the Agency hereby determines to: (i) lease the Facility to the Company pursuant to the Second Amended and Restated Lease Agreement, (ii) execute, deliver and perform the Second Amended and Restated Lease Agreement, (iii) lease the 2015 Equipment to the Sublessee pursuant to the 2015 Equipment Lease Agreement, (iv) execute, deliver and perform the 2015 Equipment Lease Agreement, (v) execute, deliver and perform the 2015 PILOT Agreement, (vi) execute, deliver and perform the Amended and Restated Recapture Agreement, (vii) execute and deliver the Amended and Restated Environmental Compliance and Indemnification Agreement, (viii) execute and deliver the Agency Compliance Agreement, (ix) execute and deliver additional documents as may be required in connection with the leasing of the Facility by the Agency to the Company, (x) grant a mortgage on and security interests in and to the Facility pursuant to the Loan Documents, and (xi) execute and deliver the Loan Documents to which the Agency is a party.

Section 4. 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, the personal property described in Exhibit A to the 2015 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 5. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company and the Sublessee in connection with the acquisition, construction and equipping of the Facility in the form of: (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be \$2,200,000 but not to exceed \$2,500,000 in connection with the financing of the acquisition, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, constructing and equipping the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$79,350, in connection with the purchase or lease of equipment, building materials, services or other personal property, and (iii) new and continued abatement of real property taxes on the 2015 Facility and the 2009 Facility (as set forth in the PILOT Schedule attached as Exhibit C hereof), consistent with the policies of the Agency.

Section 6. Subject to the provisions of this resolution, the Company and the Sublessee are herewith and hereby appointed the agents of the Agency to acquire, construct equip the Facility. The Company and the Sublessee are hereby empowered to delegate their respective status as agent of the Agency to its agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company and the Sublessee may choose in order to acquire, construct 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 the Sublessee, 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 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 the Sublessee, as agent of the Agency. The aforesaid appointment of the Company and the Sublessee as agents of the Agency to acquire, construct 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 has received exemptions from sales and use taxes in an amount not to exceed \$79,350 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 7. The Company and the Sublessee hereby agree to comply with Section 875 of the Act. The Company and the Sublessee further agree that the exemption of sales and use tax provided pursuant to the Act and the appointment of the Company and the Sublessee as agents 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 8. The form and substance of the Lease Agreement, the 2015 Equipment Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement, the 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 9. 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 Lease Agreement, the 2015 Equipment Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement,

the 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, 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 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, Vice Chairman, Chief Executive Officer or any member of the Agency shall constitute conclusive evidence of such approval.

Section 10. The Chairman, Vice 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 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 and/or the Sublessee. By acceptance hereof, the Company and the Sublessee agree to pay such expenses and further agrees 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 18, 2015

ACCEPTED: \_\_\_\_\_ 2015

**THE BURMAX COMPANY, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**SCHEFF FAMILY REALTY CO., LLC**

By: \_\_\_\_\_  
Name:  
Title:

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

I, the undersigned Chief Executive Officer 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 18th day of November, 2015, 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 in all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 18th day of November, 2015.

By:   
Chief Executive Officer

EXHIBIT A

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NOTICE OF PUBLIC HEARING

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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 (the "**Agency**") on the 17th day of November, 2015, at 9:30 a.m. local time, at the Town of Brookhaven Division of Economic Development, 2<sup>nd</sup> Floor, One Independence Hill, Farmingville, New York 11738, in connection with the following matters:

The Agency has previously assisted in the acquisition of an approximately 13.5 acre parcel of land located at 28 Barretts Avenue, Holtsville, Town of Brookhaven, Suffolk County, New York (the "**Land**"), the construction and equipping of an approximately 92,000 square foot building located thereon (the "**Original Improvements**" and the "**Original Equipment**"; and together with the Land, the "**Original Facility**"), which Original Facility is currently being leased by the Agency to Scheff Family Realty Co., LLC, a New York limited liability company (the "**Company**"), and subleased by the Company to The Burmax Company, Inc., a business corporation organized and existing under the laws of the State of New York (the "**Sublessee**"), and used by the Sublessee as a warehouse, office space and distribution center for the wholesale importing and redistribution of beauty products.

The Agency previously assisted the Company and the Sublessee in the construction and equipping of an approximately 12,000 square foot addition, located adjacent to the Original Facility (the "**2009 Facility**"), which 2009 Facility is used by the Sublessee as additional warehouse space.

In connection with the 2009 Facility, the Agency has granted the Company and the Sublessee abatement of real property taxes on the 2009 Facility pursuant to a certain Amended and Restated Payment-in-Lieu-of-Tax Agreement, dated as of February 1, 2009 (the "**2009 PILOT Agreement**"), by and among the Agency, the Company and the Sublessee.

The Company and the Sublessee have now requested the Agency's assistance with respect to the acquisition, construction and equipping of an approximately 26,000 square foot addition to the Original Facility (the "**2015 Facility**"; and together with the Original Facility and the 2009 Facility, the "**Facility**"). The 2015 Facility will be initially owned, operated and/or managed by the Company.

The Company and Sublessee have also requested the Agency's consent to an extension of the 2009 PILOT Agreement and the abatement of real property taxes on the 2009 Facility for a period to run coterminous with the abatement of real property taxes on the 2015 Facility.

The Agency will acquire a leasehold interest in or title to the 2015 Facility and lease the 2015 Facility to the Company for further subleasing to the Sublessee. The Agency

contemplates that it will provide financial assistance to the Company and the Sublessee in the form of exemptions from sales and use taxes in connection with the construction and equipping of the 2015 Facility, exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing or permanent financing of the Facility, abatement of real property taxes on the 2015 Facility and an extension of the abatement of real property taxes on the 2009 Facility, all 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 and the Sublessee or the location or nature of the 2015 Facility.

Dated: November 6, 2015

TOWN OF BROOKHAVEN INDUSTRIAL  
DEVELOPMENT AGENCY

By: Lisa MG Mulligan  
Title: Chief Executive Officer

EXHIBIT B

[FORM OF MINUTES OF PUBLIC HEARING]

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

November 17, 2015 at 9:30 A.M.

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1. Lisa M. G. Mulligan, Chief Executive Officer of the Town of Brookhaven Industrial Development Agency (the "**Agency**") called the hearing to order.

2. The Chief Executive Officer then described the location and nature of the Facility to be financed as follows:

The Agency has previously assisted in the acquisition of an approximately 13.5 acre parcel of land located at 28 Barretts Avenue, Holtsville, Town of Brookhaven, Suffolk County, New York (the "**Land**"), the construction and equipping of an approximately 92,000 square foot building located thereon (the "**Original Improvements**" and the "**Original Equipment**"; and together with the Land, the "**Original Facility**"), which Original Facility is currently being leased by the Agency to Scheff Family Realty Co., LLC, a New York limited liability company (the "**Company**"), and subleased by the Company to The Burmax Company, Inc., a business corporation organized and existing under the laws of the State of New York (the "**Sublessee**"), and used by the Sublessee as a warehouse, office space and distribution center for the wholesale importing and redistribution of beauty products.

The Agency previously assisted the Company and the Sublessee in the construction and equipping of an approximately 12,000 square foot addition, located adjacent to the Original Facility (the "**2009 Facility**"), which 2009 Facility is used by the Sublessee as additional warehouse space.

In connection with the 2009 Facility, the Agency has granted the Company and the Sublessee abatement of real property taxes on the 2009 Facility pursuant to a certain Amended and Restated Payment-in-Lieu-of-Tax Agreement, dated as of February 1, 2009 (the "**2009 PILOT Agreement**"), by and among the Agency, the Company and the Sublessee.

The Company and the Sublessee have now requested the Agency's assistance with respect to the acquisition, construction and equipping of an approximately 26,000 square foot addition to the Original Facility (the "**2015 Facility**"; and together with the Original Facility and the 2009 Facility, the "**Facility**"). The 2015 Facility will be initially owned, operated and/or managed by the Company.

The Company and Sublessee have also requested the Agency's consent to an extension of the 2009 PILOT Agreement and the abatement of real property taxes on the 2009 Facility for a period to run coterminous with the abatement of real property taxes on the 2015 Facility.

The Agency will acquire a leasehold interest in or title to the 2015 Facility and lease the 2015 Facility to the Company for further subleasing to the Sublessee.

3. The Agency contemplates that it will provide financial assistance to the Company and the Sublessee in the form of exemptions from sales and use taxes in connection with the construction and equipping of the 2015 Facility, exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing or permanent financing of the Facility, abatement of real property taxes on the 2015 Facility and an extension of the abatement of real property taxes on the 2009 Facility, all consistent with the policies of the Agency.

4. The Chief Executive Officer then opened up the hearing for comments from the floor for or against the location and nature of the Facility. The following is a listing of the persons heard and a summary of their views:

N/A

5. The Chief Executive Officer then asked if there were any further comments and, there being none, the hearing was closed at 10:00 a.m.

  
\_\_\_\_\_  
Chief Executive Officer



EXHIBIT C

Proposed PILOT Schedule

Schedule for In-Lieu-of-Taxes Payment: 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), Suffolk County, Sachem Central School District and Appropriate Special Districts

<u>Year</u>	<u>Tax Year</u>	<u>Payment</u>
1.	2016/2017	\$134,520.00
2.	2017/2018	\$137,210.00
3.	2018/2019	\$139,960.00
4.	2019/2020	\$142,760.00
5.	2020/2021	\$145,610.00
6.	2021/2022	\$148,520.00
7.	2022/2023	\$151,490.00
8.	2023/2024	\$158,490.00
9.	2024/2025	\$165,700.00
10.	2025/2026	\$173,130.00
11.	2026/2027	\$180,800.00

Date: January 11, 2017

At a meeting of the Town of Brookhaven Industrial Development Agency (the "Agency"), held at 1 Independence Hill, 3rd Floor, Farmingville, New York 11738 on the 11th day of January, 2017, the following members of the Agency were:

Present: Frederick C. Braun, III  
Martin Callahan  
Michael Kelly  
Scott Middleton  
Gary Pollakusky

Recused:

Absent: Felix J. Grucci, Jr.  
Ann-Marie Scheidt

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 (Scheff Family Realty Co., LLC/The Burmax Company, Inc. 2017 Facility) and the leasing of the facility to Scheff Family Realty Co., LLC for further subleasing to The Burmax Company, Inc.

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

Voting Aye

Braun  
Callahan  
Kelly  
Middleton  
Pollakusky

Voting Nay

AMENDED RESOLUTION OF THE TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE APPOINTMENT OF SCHEFF FAMILY REALTY CO., LLC, A NEW YORK LIMITED LIABILITY COMPANY AND THE BURMAX COMPANY, INC., A NEW YORK BUSINESS CORPORATION AS AGENT(S) OF THE AGENCY FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING AND EQUIPPING AN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS AND MAKING CERTAIN FINDINGS AND DETERMINATIONS

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, by resolution duly adopted on July 12, 1994 (the “**July 1994 Resolution**”), decided to proceed under the provisions of the Act to acquire and lease an industrial development facility to Scheff Family Realty Co., LLC, a New York limited liability company (the “**Company**”), consisting of an approximately 13.50 acre parcel of land located at 28 Barretts Avenue, Holtsville, New York and the construction and equipping of an approximately 85,000 square foot building located thereon, to be subleased to and used by The Burmax Company, Inc., a New York business corporation (the “**Sublessee**”), as a warehouse, office space and distribution center for the wholesale importing and re-distribution of beauty products (the “**Original Facility**”); and

WHEREAS, the Company and the Sublessee previously requested that the Agency provide its assistance in the construction and equipping of an approximately 12,000 square foot of warehouse space, to be located adjacent to the Original Facility, including, but not limited to, the acquisition of equipment, all to be leased by the Agency to the Company and subleased by the Company to, and used by, the Sublessee, in its continued wholesale importing and re-distribution of beauty supply products throughout the United States, Canada and South America (the “**2009 Facility**”); all which is leased to the Company pursuant to a certain Amended and Restated Lease Agreement, dated February 5, 2009 (the “**Amended and Restated Lease Agreement**”); and

WHEREAS, by resolution dated November 18, 2015 (the “**Authorizing Resolution**”), the Agency authorized a transaction with the Company and the Sublessee with respect to the acquisition, construction and equipping of an approximately 26,000 square foot addition to the Original Facility (the “**2017 Facility**”); and together with the Original Facility and the 2009 Facility, the “**Facility**”); and

WHEREAS, pursuant to the Authorizing Resolution, the Agency previously authorized financial assistance to the Company and the Sublessee, in the form of (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be \$2,200,000 but not to exceed \$2,500,000 in connection with the financing of the acquisition, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, constructing and equipping the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$79,350, in connection with the purchase or lease of equipment, building materials, services or other personal property, and (iii) new and continued abatement of real property taxes on the 2017 Facility and the 2009 Facility (as set forth in the PILOT Schedule attached as Exhibit C to the Authorizing Resolution), consistent with the policies of the Agency; and

WHEREAS, the Company, by letter dated December 15, 2016 (the "**Letter Amendment**"), notified the Agency of its intent to amend its application for financial assistance dated October 8, 2015 (the "**Application**"), with respect to the amounts of requested benefits to be granted by the Agency to the Company and the Sublessee; and

WHEREAS, the Agency has agreed to amend the Authorizing Resolution pursuant to this resolution to increase the amounts of certain financial assistance to be granted to the Company and the Sublessee; and

WHEREAS, subject to the provisions of this resolution, the Agency may provide financial assistance to the Company consistent with the policies of the Agency, in the form of (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be \$2,600,000 in connection with the financing of the acquisition, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, constructing and equipping the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$150,000, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, and (iii) new and continued abatement of real property taxes on the 2017 Facility and the 2009 Facility (as set forth in the PILOT Schedule attached as Exhibit A; 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 the Sublessee and to representations by the Company and the Sublessee that the proposed transfer of a leasehold interest or a fee title interest is either an inducement to the Company and/or the Sublessee to maintain and expand the Facility in the Town of Brookhaven or is necessary to maintain the competitive position of the Company and the Sublessee in their respective industry; and

WHEREAS, the Company and the Sublessee 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 transfer of leasehold interest or a fee title interest in 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 amends the Application with respect to the amounts of requested benefits to be granted by the Agency to the Company and the Sublessee based on the Letter Amendment submitted to the Agency by the Company.

Section 2. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company and the Sublessee in connection with the acquisition, construction and equipping of the Facility in the form of: (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be \$2,600,000 in connection with the financing of the acquisition, construction and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, constructing and equipping the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$150,000, in connection with the purchase or lease of equipment, building materials, services or other personal property, and (iii) new and continued abatement of real property taxes on the 2017 Facility and the 2009 Facility (as set forth in the PILOT Schedule attached as Exhibit A hereof), consistent with the policies of the Agency.

Section 3. The Agency hereby ratifies and confirms all terms contemplated by the Authorizing Resolution, as amended by this Amended Authorizing Resolution, including the Agency Documents.

Section 4. This amended resolution shall take effect immediately.

ADOPTED: January 11, 2017

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 11th day of January, 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 in all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 11th day of January, 2017.

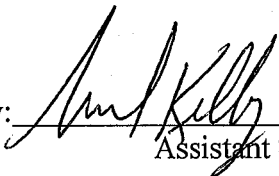
By:   
Assistant Secretary

EXHIBIT A

Proposed PILOT Schedule

Schedule for In-Lieu-of-Taxes Payment: 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), Suffolk County, Sachem Central School District and Appropriate Special Districts

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