

Date: June 19. 2013

At a meeting of the Town of Brookhaven Industrial Development Agency (the "Agency"), held on June 19. 2013 at 8:00 a.m. local time, the Town of Brookhaven Division of Economic Development, 1 Independence Hill, 3rd Floor, Farmingville, New York 11738, 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:

Recused: Felix J. Grucci, Jr.

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 the assignment and assumption of a leasehold interest in, and the mortgaging of, a certain industrial development facility more particularly described below (Crossvets Realty, LLC/Bold Systems, LLC/Bold Appellate Solutions, LLC 2009 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>Recused</u>
Braun		
Celauro		
		Grucci
LaVita		
Moloney		
Rose		
Scheidt		

RESOLUTION OF THE TOWN OF BROOKHAVEN
INDUSTRIAL DEVELOPMENT AGENCY APPROVING
THE ASSIGNMENT AND ASSUMPTION OF A
LEASEHOLD INTEREST, AND THE MORTGAGING OF,
A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY
KNOWN AS THE AGENCY'S CROSSVETS REALTY,
LLC/BOLD SYSTEMS, LLC/BOLD APPELLATE, LLC
2009 FACILITY BY GRUCCI PROPERTIES EAST, LLC,
FIREWORKS BY GRUCCI, INC., PYROTECHNIC BY
GRUCCI, INC. AND JVC BROADCASTING CORP.,
TOGETHER WITH THE EXECUTION AND DELIVERY OF
DOCUMENTS IN CONNECTION THEREWITH AND
APPROVING THE FORM, SUBSTANCE, 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 65 of the Laws of 1975 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 has previously assisted in the acquisition, construction, equipping and leasing of an industrial development facility to Crossvets Realty, LLC, a New York limited liability company (the "**Original Company**" or "**Assignor**"), Bold Systems, LLC, a New York business corporation ("**Bold Systems**") and Bold Appellate Solutions, LLC, a New York business corporation ("**Bold Appellate Solutions**"; and together with Bold Systems, the "**Original Sublessees**"), consisting of the acquisition of an approximately 1.75 acre parcel of land located within the Brookhaven Industrial Park on Pinehurst Drive, Bellport, Town of Brookhaven, Suffolk County, New York (further identified as Tax Map No. 0200-813-01.00-008.029) (the "**Land**"), and the construction and equipping thereon of an approximately 19,197 square foot building including, without limitation, the furnishing and equipping of office and warehouse space (together with the Land, the "**Facility**"), which Facility is currently leased by the Agency to the Original Company and approximately one-half of the Facility is currently subleased by the Company to, and used by, Bold Systems, for use as a specialty contract printing company for numerous New York State school district elections, budget voting, library voting, census taking, the printing of registration and roster books for elections and the development and supplying of software to various school and library districts; and approximately one-half of the Facility is currently subleased by the Company to, and used by, Bond Appellate Solutions, for use in providing appellate printing services to the legal profession including, but not limited to, printing as well as maintaining current records for appellate guidelines, filing and tracking of the appeal process for its clients; and

WHEREAS, the Agency is now leasing the Facility to the Original Company pursuant to the terms of a Lease Agreement, dated as of June 1, 2009 (the "**Lease**

Agreement”), by and between the Agency and the Original Company, a memorandum of which Lease Agreement was to be recorded in the Suffolk County Clerk’s Office; and

WHEREAS, the Original Company is currently subleasing approximately one-half of the Facility to Bold Systems and approximately one-half of the Facility to Bold Appellate Solutions, pursuant to the terms of a certain Sublease Agreement, dated June 22, 2009 (the “**Original Sublessees Sublease Agreement**”), by and between the Original Company and the Original Sublessees, a memorandum of which Sublease Agreement was to be recorded in the Suffolk County Clerk’s Office; and

WHEREAS, in connection with such Sublease Agreement (i) the Agency and Bold Systems entered into an Agency Compliance Agreement, dated as of June 1, 2009 (the “**Bold Systems Agency Compliance Agreement**”); and (ii) the Agency and Bold Appellate Solutions entered into an Agency Compliance Agreement, dated as of June 1, 2009 (the “**Bold Appellate Solutions Agency Compliance Agreement**”; and, together with the Bold Systems Agency Compliance Agreement, the “**Agency Compliance Agreements**”); and

WHEREAS, in connection with the leasing and the subleasing of the Facility, the Agency, the Original Company and the Original Sublessees entered into (i) a Payment-in-Lieu-of-Tax Agreement, dated as of June 1, 2009 (the “**PILOT Agreement**”), whereby the Original Company and the Original Sublessees agreed to make payments-in-lieu-of taxes with respect to the Facility; (ii) a Recapture Agreement, dated as of June 1, 2009; and (iii) an Environmental Compliance and Indemnification Agreement, dated as of June 1, 2009 (the “**Environmental Compliance and Indemnification Agreement**”), whereby the Original Company and the Original Sublessee agreed to comply with all Environmental Laws (as defined therein) applicable to the Facility; and

WHEREAS, there has now been submitted to the Agency a request to consent to the assignment by the Assignor of all of its rights, title, interest and obligations under the Lease Agreement, the PILOT Agreement, the Recapture Agreement and the Environmental Compliance and Indemnification Agreement in connection with the Facility to Grucci Properties East, LLC (the “**Assignee**), and the release of the Original Company from any further liability with respect to the Facility subject to certain requirements of the Agency and the termination of the Original Sublessees Sublease Agreement (collectively, the “**Assignment**”); and

WHEREAS, the Assignee has further requested the Agency assist in (a) the acquisition of a leasehold interest in the Land, and the renovation and equipping of the Facility, including, but not limited to, office furniture, fixtures and equipment (collectively, the “**Improvements**”) and the acquisition and installation of certain equipment not part of the Equipment (as such term is defined in Exhibit A to the Equipment Lease Agreement, to be dated a date to be determined (the “**Equipment Lease Agreement**”), between the Agency and the hereinafter defined Successor Sublessees) (the “**Facility Equipment**”; and, together with the Land and Improvements, the “**Company Facility**”), all to be leased by the Agency to the Assignee for further sublease by the Assignee of a portion of the Company Facility to, and used by Fireworks by Grucci, Inc., a New York business corporation (“**Fireworks by Grucci**”) and by Pyrotechnic by Grucci Inc., a New York business corporation

(“**Pyrotechnic by Grucci**”), and the Assignee will sub-lease an approximately 7,000 square foot portion of the Company Facility to, and used by, JVC Broadcasting Corp., a New York business corporation (“**JVC Broadcasting**”; and, together with Fireworks by Grucci and Pyrotechnic by Grucci, the “**Successor Sublessees**”), and (b) the acquisition and installation of certain equipment (the “**Equipment**”), which Equipment is to be leased by the Agency to the Successor Sublessees for use in their respective businesses (the Company Facility and the Equipment collectively referred to herein as the “**Facility**”); and

WHEREAS, the Lease Agreement, the PILOT Agreement, the Recapture Agreement and the Environmental Compliance and Indemnification Agreement shall be assigned by the Assignor to the Assignee and the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreements shall be assigned by the Original Sublessees to the Successor Sublessees and the Agency will release the Assignor from any further liability with respect to the Facility subject to certain requirements of the Agency and the termination of the Original Sublessees Sublease Agreement pursuant to and in accordance with a certain Assignment, Assumption and Release Agreement, to be dated a date to be determined (the “**Assignment Agreement**”), by and among the Assignor, the Original Sublessees, the Assignee, the Successor Sublessees and the Agency, and the Assignee will assume all of the right, title, interest, liability, duty and obligations of the Assignor in, to, and under the Lease Agreement, the PILOT Agreement, the Recapture Agreement and the Environmental Compliance and Indemnification Agreement, subject to the limitations outlined therein, and the Successor Sublessees will assume all of the right, title, interest, liability, duty and obligations of the Original Sublessees in, to, and under the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreements, subject to the limitations outlined therein; and

WHEREAS, as security for a loan or loans being made to finance a portion of the cost of the assumption by the Assignee of the Assignor’s leasehold interest in the Facility (the “**Loan**”) and the acquisition, renovation and equipping of the Facility, the Agency and the Assignee will execute and deliver to a lender or lenders to be determined (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 future refinancing or permanent financing of the costs of the acquisition of by the Assignee of the Assignor’s leasehold interest in the Facility, and the renovation and equipping of the Facility (collectively, the “**Loan Documents**”); and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Assignee and the Successor Sublessees, consistent with the policies of the Agency, in the form of (i) exemptions from mortgage recording taxes in an aggregate amount presently estimated to be \$[_____] but not to exceed \$[_____] , in connection with the financing of the acquisition of the leasehold interest, 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 on the acquisition of fixtures, furniture and equipment to be installed in the Facility in connection with the purchase or lease of equipment, building materials, services or other personal property in an

amount not to exceed \$[_____], and (iii) abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit D hereof), all consistent with the policies of the Agency exemptions from mortgage recording taxes in connection with the financing or any subsequent refinancing of the Facility or permanent financing of the 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, prior to the granting of any benefits to the Assignee or the Successor Sublessees, including, without limitation, consenting to the assumption of the Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreements, and the execution and delivery of any other documents in connection therewith, a public hearing was held by the Agency on June 11, 2013 (the "**Hearing**"), so that all persons with views in favor of or opposed to either the financial assistance contemplated by the Agency, could be heard; and

WHEREAS, notice of the Hearing was given on May 30, 2013, and such notice (together with proof of publication) was substantially in the form annexed hereto as Exhibit A; and

WHEREAS, the minutes of the Hearing are substantially in the form annexed hereto as Exhibit B;

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";

WHEREAS, to aid the Agency in determining whether the Assignment and the acquisition, renovation and equipping of the Facility may have a significant effect upon the environment, the Assignees have 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;

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

WHEREAS, the Agency has given due consideration to the representations of the Assignee that the transactions referred to herein are either an inducement to the Assignee and Successor Sublessees to maintain and expand the Facility in the Town of Brookhaven or are necessary to maintain the competitive position of the Assignee and the Successor Sublessees in their respective industries; and

WHEREAS, the Assignee and the Successor Sublessees have agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transactions contemplated by the assignment and assumption by the

Assignee and the Successor Sublessees of the Assignor's and Original Sublessees' leasehold, subleasehold and sub-subleasehold interest in the Facility and the acquisition, renovation and equipping of 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 information regarding the Facility supplied by the Assignee, the Agency determines that the action relating to the assignment and assumption of the Facility, the acquisition, renovation and equipping of the Facility, the refinancing or financing thereof and the operation of the Facility is a Type II action under the SEQRA Act and therefore, does not require further environmental review.

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 leasing of the Facility to the Assignee and further sublease and sub-sublease to the Successor Sublessees, as applicable, 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

(d) The assignment and assumption of the Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreements pursuant to the Assignment Agreement is reasonably necessary to induce the Assignee and the Successor Sublessees to maintain and expand their business operations in the State of New York; and

(e) Based upon representations of the Assignee, the Successor Sublessees 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 is located; and

(f) It is desirable and in the public interest for the Agency to consent to the assignment of the Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreements, release the Assignor from any further liability with respect to the Facility subject to certain requirements of the Agency and the termination of the Original Sublessees Sublease Agreement and the other transactions contemplated by the Assignment Agreement; and

(g) The Assignment Agreement, in form satisfactory to the Chairman and Chief Executive Officer of the Agency, Agency Counsel and Transaction Counsel (Nixon Peabody

LLP), will be an effective instrument whereby the Agency consents to (i) the assignment by the Assignor of all its rights, title, interests, duties, liabilities and obligations in, to and under the Lease Agreement, the PILOT Agreement, the Recapture Agreement and the Environmental Compliance and Indemnification Agreement, (ii) the assumption by the Assignee of all of the Assignor's rights, title, interests, duties, liabilities and obligations in, to and under the Lease Agreement, the PILOT Agreement, the Recapture Agreement and the Environmental Compliance and Indemnification Agreement, (iii) the release of the Assignor from any further liability with respect to the Facility subject to certain requirements of the Agency and the termination of the Original Sublessees Sublease Agreement, (iv) the assignment by the Original Sublessees of all its rights, title, interests, duties, liabilities and obligations in, to and under the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreements, and (v) the assumption by the Successor Sublessees of all of the Original Sublessee's rights, title, interests, duties, liabilities and obligations in, to and under the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreements; and

(h) The Equipment Lease Agreement will be an effective instrument whereby the Agency will lease the Equipment to the Successor Sublessees' and

(i) The Loan Documents will be effective instruments whereby the Agency and the Assignee agree to secure the Loan and assign to the Lender their respective rights under the Lease Agreement, as amended and as assigned (except for the Agency's Unassigned Rights).

Section 3. In consequence of the foregoing, the Agency hereby determines to: (i) consent to (A) the assignment of the Lease Agreement, the PILOT Agreement, the Recapture Agreement, the Environmental Compliance and Indemnification Agreement and the Agency Compliance Agreements, and (B) the release of the Original Company from any further liability with respect to the Facility subject to certain requirements of the Agency and the termination of the Original Sublessees Sublease Agreement, pursuant to the Assignment Agreement, (ii) lease the Equipment to the Successor Sublessees pursuant to the Equipment Lease Agreement, (iii) execute, deliver and perform the Assignment Agreement, (iv) execute, perform and deliver the Equipment Lease Agreement, (v) grant mortgage liens on and security interests in and to the Facility pursuant to the Loan Documents, and (vi) execute, deliver and perform such other related documents as may be necessary or appropriate to effect the Assignment and the acquisition, renovation and equipping of the Facility.

Section 4. In connection with the assumption by the Assignee of the Assignor's leasehold interest in the Facility and the assumption by the Successor Sublessees of the Original Sublessees' subleasehold interest in the Facility and the execution and delivery of the Assignment Agreement, the Agency agrees to the appointment of the Assignee and the Successor Sublessees as the true and lawful agents of the Agency to acquire, renovate and equip the Facility on behalf of the Agency, with the authority to delegate their status as agent of the Agency to the Assignee's or Successor Sublessees' agents, subagents, contractors, subcontractors, suppliers, vendors and other such parties as the Assignee and the Successor Sublessees may choose. The terms and conditions for the appointment of the Assignee and

the Successor Sublessees as agents of the Agency for the purposes described in this Section 4 are set forth in the forms of the attached letters addressed to the Assignee, Fireworks by Grucci and Pyrotechnic by Grucci and to JVC Broadcasting, marked as Exhibit A-1 and Exhibit A-2, respectively, to this resolution, which is incorporated herein by reference. The appointment described above includes the following activities as they relate to the acquisition, renovation and equipping of the 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, renovation and equipping of the Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description in connection with the acquisition, renovation 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 the 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. The aforesaid appointment of the Assignee and the Successor Sublessees as agents of the Agency to acquire, renovate and equip the Facility shall expire at the earlier of (A) the completion of such acquisition, renovation and equipping of the Facility, or (B) such date as the Agency designates; provided however, such appointment may be extended at the discretion of the Agency, upon the written request of the Assignee and the Successor Sublessees, if such activities and improvements are not completed by such time. The aforesaid agency appointment expressly excludes the Assignee and the Successor Sublessees 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.

Section 5. The Agency hereby authorizes and approves the following economic benefits to be granted to the Assignee and the Successor Sublessees in connection with the acquisition, construction and equipping of the Facility in the form of exemptions from mortgage recording taxes in an amount not to exceed \$[____], 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 of the Facility, exemptions from sales and use taxes in connection with the purchase or lease of equipment, building materials, services or other personal property in an amount not to exceed \$[____] (as set forth in the Form of Sales Tax Letter set forth as Exhibit C hereof) and abatement of real property taxes (as set forth in the PILOT Schedule attached as Exhibit D hereof), consistent with the policies of the Agency.

Section 6. The Assignee and the Successor Sublessees hereby agree to comply with Section 875 of the Act. The Assignee and the Successor Sublessees further agree that the exemption of sales and use tax provided pursuant to the Act and the appointment of the Assignee and the Successor Sublessees as agents of the Agency pursuant to this resolution is subject to termination and recapture of benefits pursuant to Section 875 of the Act and the Recapture Agreement.

Section 7. The Agency is hereby authorized to provide the consents contemplated by this resolution and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such consents are hereby approved, ratified and confirmed.

Section 8. The form and substance of the Assignment Agreement, the Equipment Lease Agreement and the Loan Documents (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 9.

(a) The Chairman, the Chief Executive Officer or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Assignment Agreement, the Equipment Lease Agreement and the Loan Documents, each in substantially the forms the Chairman, the 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, the Chief Executive Officer 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, the Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, the 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 10. Subject to the provisions of this resolution, 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 11. This resolution shall take effect immediately.

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 June 19, 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.

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 19th day of June, 2013.

By: _____
 James J. [Signature]
 Secretary

Date: July 15, 2015

At a meeting of the Town of Brookhaven Industrial Development Agency (the “Agency”), held at 8:00 a.m. local time, the Town of Brookhaven Department of Economic Development, 1 Independence Hill, 3rd Floor, Farmingville, New York 11738, on the 15th day of July, 2015, the following members of the Agency were:

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

Recused: Felix J. Grucci, Jr.

Absent:

Excused: Frederick C. Braun, III

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 the consent to the subleasing of a portion of the Agency’s Grucci Properties East, LLC/Pyrotechnic by Grucci Inc./Fireworks by Grucci, Inc. Facility to Bold Systems, LLC.

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

Voting Aye

Callahan
Kelly
Middleton
Scheidt

Voting Nay

RESOLUTION OF THE TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY PERTAINING TO THE CONSENT TO THE SUBLEASING OF A PORTION OF THE AGENCY'S GRUCCI PROPERTIES EAST, LLC/ PYROTECHNIC BY GRUCCI INC./FIREWORKS BY GRUCCI, INC. FACILITY AND APPROVING THE FORM, SUBSTANCE, 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 65 of the Laws of 1975 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 has previously assisted in the acquisition, construction, equipping and leasing of an industrial development facility to the Crossvets Realty, LLC, a limited liability company duly organized and validly existing under the laws of the State of New York (the "**Original Company**"), Bold Systems, LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, having an office at 2805 Veterans Highway, Suite 20, Ronkonkoma, New York 11779 ("**Bold Systems**") and Bold Appellate Solutions, LLC, a limited liability company duly organized and validly existing under the laws of the State of New York ("**Bold Appellate Solutions**"; and together with Bold Systems, the "**Original Sublessees**"), consisting of the acquisition of an approximately 1.75 acre parcel of land located within the Brookhaven Industrial Park on Pinehurst Drive, Bellport, Town of Brookhaven, Suffolk County, New York (further identified as Tax Map. No. 0200-813-01.00-008.029) (the "**Land**"), and the construction and equipping thereon of an approximately 19,197 square foot building including, without limitation, the furnishing and equipping of office and warehouse space (together with the Land, the "**Original Facility**"); and

WHEREAS, the Agency previously leased the Original Facility to the Original Company pursuant to the terms of a Lease Agreement, dated as of June 1, 2009 (the "**Original Lease Agreement**"), by and between the Agency and the Original Company, a memorandum of which Original Lease Agreement was recorded in the Suffolk County Clerk's Office on July 8, 2009 in Liber 12592 page 814; and

WHEREAS, the Original Company previously subleased approximately one-half of the Original Facility to Bold Systems and approximately one-half of the Original Facility to Bold Appellate Solutions, pursuant to the terms of a certain Sublease Agreement, dated June 22, 2009 (the "**Original Sublease Agreement**"), by and between the Assignor and the Original Sublessees, a memorandum of which Original Sublease Agreement was recorded in the Suffolk County Clerk's Office on July 8, 2009 in Liber 12592 page 815; and

WHEREAS, in connection with such Original Sublease Agreement (i) the Agency and Bold Systems entered into an Agency Compliance Agreement, dated as of June 1, 2009 (the "**Bold Systems Agency Compliance Agreement**"); and (ii) the Agency and Bold

Appellate Solutions entered into an Agency Compliance Agreement, dated as of June 1, 2009 (the “**Bold Appellate Solutions Agency Compliance Agreement**”); and, together with the Bold Systems Agency Compliance Agreement, the “**Original Agency Compliance Agreements**”); and

WHEREAS, in connection with the leasing and the subleasing of the Original Facility, the Agency, the Original Company and the Original Sublessees entered into (i) a Payment-in-Lieu-of-Tax Agreement, dated as of June 1, 2009 (the “**Original PILOT Agreement**”), whereby the Original Company and the Original Sublessees agreed to make payments-in-lieu-of taxes with respect to the Original Facility; (ii) a Recapture Agreement, dated as of June 1, 2009 (the “**Original Recapture Agreement**”), whereby the Original Company and the Original Sublessees provided assurances to the Agency with respect to the recapture of benefits granted under the Original Lease Agreement, Original PILOT Agreement and other related documents; and (iii) an Environmental Compliance and Indemnification Agreement, dated as of June 1, 2009 (the “**Original Environmental Compliance and Indemnification Agreement**”), whereby the Original Company and the Original Sublessees agreed to comply with all Environmental Laws (as defined therein) applicable to the Original Facility; and

WHEREAS, the Agency consented to a request by the Original Company to the assignment by Original Company of all of its rights, title, interest and obligations under the Lease Agreement, the PILOT Agreement, the Recapture Agreement and the Environmental Compliance and Indemnification Agreement in connection with the Facility to Grucci Properties East, LLC (the “**Successor Company**”), and the release of the Original Company from any further liability with respect to the Facility subject to certain requirements of the Agency and the termination of the Original Sublessees Sublease Agreement (collectively, the “**Assignment**”); and

WHEREAS, the Original Company’s leasehold interest in the Original Facility was assigned by the Original Company to the Successor Company pursuant to and in accordance with a certain Assignment, Assumption and Amendment Agreement, dated August 16, 2013 (the “**Assignment, Assumption and Amendment Agreement**”), by and among the Agency, the Original Company, the Original Sublessees, the Successor Company and the Successor Sublessees, whereby the Successor Company assumed all of Original Company’s right, title, interest, liability, duties and obligations with respect to the Original Facility, including but not limited to, all of the right, title, interest, liability, duties and obligations of the Original Company under the Transaction Documents (as defined in the Lease Agreement), including, without limitation, the Original Lease Agreement, the Original PILOT Agreement, the Original Recapture Agreement and the Original Environmental Compliance and Indemnification Agreement; and

WHEREAS, the Original Sublessees’ leasehold interest in the Original Facility was assigned by the Original Sublessees to the Successor Sublessees pursuant to and in accordance with the Assignment, Assumption and Amendment Agreement, whereby the Successor Sublessees will assume all of Original Sublessees’ right, title, interest, liability, duties and obligations with respect to the Original Facility, including but not limited to, all of the right, title, interest, liability, duties and obligations of the Original Sublessees under the

Transaction Documents (as defined in the Lease Agreement), including, without limitation, the Original PILOT Agreement, the Original Recapture Agreement and the Original Environmental Compliance and Indemnification Agreement; and

WHEREAS, the Agency and the Successor Company evidenced the assignment of the Original Company's leasehold interest in the Original Lease Agreement to the Assignee pursuant to and in accordance with the Amended and Restated Lease Agreement, dated as of August 1, 2013 (the "**Amended and Restated Lease Agreement**"; and, together with the Original Lease Agreement, the "**Lease Agreement**"), by and between the Agency and the Successor Company, and a memorandum of Amended and Restated Lease Agreement was to be presented for recording in the Suffolk County Clerk's office; and

WHEREAS, the Successor Company further requested the Agency assist in (a) the renovation and equipping of the Original Facility, including, but not limited to, office furniture, fixtures and equipment (collectively, the "**Improvements**") and the acquisition and installation of certain equipment not part of the Equipment (as such term is defined in Exhibit A to the Equipment Lease Agreements, each dated as of August 1, 2013 (collectively, the "**Equipment Lease Agreements**"), by and between the Agency and the respective Successor Sublessees) (the "**Facility Equipment**"; and, together with the Facility and Improvements, the "**Company Facility**"), all to be leased by the Agency to the Assignee for further sublease by the Assignee of a portion of the Company Facility to, and use by Fireworks by Grucci and by Pyrotechnique by Grucci, and (b) the acquisition and installation of certain equipment (the "**Equipment**"), which Equipment is to be leased by the Agency to the Sublessees for use in their respective businesses (the Company Facility and the Equipment collectively referred to herein as the "**Facility**"); and

WHEREAS, in connection with the leasing and subleasing of the Facility the Agency, the Successor Company and the Successor Sublessees entered into a certain Amended and Restated PILOT Agreement, dated as of August 1, 2013 (the "**Amended and Restated PILOT Agreement**"; and, together with the Original PILOT Agreement, the "**PILOT Agreement**"), by and among the Agency, the Successor Company and the Successor Sublessees; and

WHEREAS, in connection with the leasing and subleasing of the Facility the Agency, the Successor Company and the Successor Sublessees entered into a certain Amended and Restated Recapture Agreement, dated as of August 1, 2013 (the "**Amended and Restated Recapture Agreement**"; and, together with the Original Recapture Agreement, the "**Recapture Agreement**"), by and among the Agency, the Successor Company and the Successor Sublessees, and such Amended and Restated Recapture Agreement was to be presented for recording in the Suffolk County Clerk's office; and

WHEREAS, in connection with the leasing and subleasing of the Facility the Agency, the Successor Company and the Successor Sublessees entered into a certain Amended and Restated Environmental Compliance and Indemnification Agreement, dated as of August 1, 2013 (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**”), by and among the Agency, the Successor Company and the Successor Sublessees; and

WHEREAS, the Successor Company is now in negotiations to sublease a portion of the Facility totaling approximately a 2,500 square foot floor area, on a month-to-month basis, to Bold Systems, LLC (the “**Sublessee**”), to be used for general office use, initially employing approximately seven (7) full-time and two (2) seasonal employees; and

WHEREAS, the Successor Company has requested that the Agency consent to the subleasing of a portion of the Facility to the Sublessee; and

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

WHEREAS, such consent may be manifested by the execution and delivery of a Tenant Agency Compliance Agreement, to be dated a date to be determined, between the Agency and the Sublessee (the “**Tenant Agency Compliance Agreement**”); and

WHEREAS, the Successor Company 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 subleasing of a portion 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 subleasing of a portion of the Facility 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.

(c) Based on the certification of the Sublessee in the Tenant Agency Compliance Agreement, the occupancy of the Facility by the Sublessee shall not result in the removal of a facility or plant of the Sublessee from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the Sublessee located within the State; unless: (i) such occupation of the Facility is reasonably necessary to discourage the Sublessee from removing such other plant or facility to a location outside the State, or (ii) such occupation of the Facility is reasonably necessary to preserve the competitive position of the Sublessee in its industry.

(d) It consents to the subleasing of a portion of the Facility to the Sublessee.

(e) The execution of the Tenant Agency Compliance Agreement will satisfy the requirement of Section 9.3 of the Lease Agreement that any subleasing of the Facility be consented to in writing by the Agency.

(f) It is desirable and in the public interest for the Agency to consent to the subleasing of a portion of the Facility and to enter into the Tenant Agency Compliance Agreement.

Section 2. In consequence of the foregoing, the Agency hereby determines to enter into the Tenant Agency Compliance Agreement.

Section 3. The form and substance of the Tenant Agency Compliance Agreement and (in substantially the form presented to the Agency and which, prior to the execution and delivery thereof, may be redated) is hereby approved.

Section 4.

(a) The Chairman, the Chief Executive Officer, or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Tenant Agency Compliance Agreement, in substantially the form thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, the 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, the Chief Executive Officer, 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, the Chief Executive Officer, or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, the 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 5. 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 6. This resolution shall take effect immediately.

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 July, 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 all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 15th day of July, 2015.

By _____
Secretary