

Date: September 19, 2017

At a meeting of the Town of Islip Industrial Development Agency (the “Agency”), held at Islip Town Hall, 655 Main Street, Islip, New York on the 19th day of September, 2017 the following members of the Agency were:

Present: Chairwoman Angie Carpenter  
Councilman John Cochrane  
Councilwoman Trish Bergin Weichbrodt  
Councilwoman Mary Kate Mullen  
Councilman Steve Flotteron

Absent:

Also Present:

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to acquisition of title to a certain industrial development facility more particularly described below (CVD Equipment Corporation 2017 Facility) and the leasing of the facility to CVD Equipment Corporation.

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

Voting Aye

Voting Nay

Chairwoman Angie Carpenter  
Councilman John Cochrane  
Councilwoman Trish Bergin Weichbrodt  
Councilwoman Mary Kate Mullen  
Councilman Steve Flotteron

RESOLUTION OF THE TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ACQUISITION, RENOVATION AND EQUIPPING OF A CERTAIN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE APPOINTMENT OF CVD EQUIPMENT CORPORATION, A BUSINESS CORPORATION ON BEHALF OF ITSELF AND/OR THE PRINCIPALS OF CVD EQUIPMENT CORPORATION AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AS AGENT OF THE AGENCY FOR THE PURPOSE OF ACQUIRING, RENOVATING AND EQUIPPING AN INDUSTRIAL DEVELOPMENT FACILITY AND APPROVING THE FORM, SUBSTANCE AND EXECUTION OF RELATED DOCUMENTS.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 47 of the Laws of 1974 of the State of New York, as amended from time to time (collectively, the “**Act**”), the Town of Islip 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 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, CVD Equipment Corporation, a business corporation organized and existing under the laws of the State of New York, on behalf of itself and/or the principals of CVD Equipment Corporation and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the “**Company**”), has applied to the Town of Islip Industrial Development Agency (the “**Agency**”) to enter into a transaction in which the Agency will assist in the acquisition of an approximately 11.88 acre parcel of land located at 555 North Research Place, Central Islip, New York 11722 (the “**Land**”), the renovation of an approximately 179,000 square foot building located thereon, together with the acquisition, installation and equipping of improvements, structures and other related facilities attached to the Land (the “**Improvements**”), and the acquisition and installation therein of certain equipment and personal property (the “**Equipment**”; and, together with the Land and the Improvements, the “**Facility**”), which Facility will be leased by the Agency to the Company, and used by the Company as a manufacturing facility to process surface treatments or films and coatings on various product lines in its business as a manufacturer of equipment and materials for the semiconductor industry (the “**Project**”); and

WHEREAS, the Agency has previously provided assistance to the Company and FAE Holdings 411519R, LLC, a New York limited liability company (“**FAE**”), in the acquisition, construction and equipping of an approximately 120,000 square foot building on approximately 8.0 acres of land located at 355 South Technology Drive, Central Islip, Suffolk County, New York (the “**Original Facility**”); and

WHEREAS, the Agency is currently leasing the Original Facility to FAE pursuant to a certain Lease Agreement, dated as of March 1, 2012 (the “**Original Lease Agreement**”), by and between the Agency and FAE; and

WHEREAS, FAE is currently subleasing the Original Facility to the Company pursuant to a certain Lease Agreement, dated as of February 9, 2012 (the “**Sublease Agreement**”), by and between FAE and the Company; and

WHEREAS, the Agency, FAE and the Company previously entered into a certain Amended and Restated Environmental Compliance and Indemnification Agreement, dated as of March 1, 2012 (the “**Environmental Compliance and Indemnification Agreement**”), by and among the Agency, FAE and the Company; and

WHEREAS, the Agency, FAE and the Company previously entered into a certain Third Amended and Restated Payment-in-Lieu-of-Tax Agreement, originally dated as of December 1, 2000, amended and restated as of April 1, 2009, further amended and restated as of March 1, 2012, and further amended and restated as of April 1, 2012 (collectively, the “**PILOT Agreement**”), by and among the Agency, FAE and the Company; and

WHEREAS, the Company and the Agency previously entered into a certain Agency Compliance Agreement, dated as of March 1, 2012 (the “**Original Agency Compliance Agreement**”), whereby the Company made certain assurances to the Agency with respect to the Original Facility; and

WHEREAS, the Company and FAE have now requested an extension of the lease term and the property tax abatements granted on the Original Facility such that the lease term and the property tax abatements on the Original Facility are coterminous with the lease term and property tax abatements to be granted on the Facility (the “**Extension**”); and

WHEREAS, the Agency, by resolution duly adopted on August 22, 2017 (the “**Inducement Resolution**”), decided to proceed under the provisions of the Act; and

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

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

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

WHEREAS, the Original Lease Agreement will be amended and restated pursuant to a certain Amended and Restated Lease and Project Agreement, dated as of September 1, 2017 or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency shall agree (the “**Amended and Restated Lease and Project Agreement**”), by and between the Agency and FAE; and

WHEREAS, the Environmental Compliance and Indemnification Agreement will be amended and restated pursuant to the Amended and Restated Lease and Project Agreement; and

WHEREAS, the PILOT Agreement will be amended and restated pursuant to the Amended and Restated Lease and Project Agreement; and

WHEREAS, the Original Agency Compliance Agreement will be amended and restated pursuant to a certain Amended and Restated Agency Compliance Agreement, dated as of September 1, 2017 or such other date as the Chairman or Executive Director of the Agency and counsel to the Agency shall agree (the “**Amended and Restated Agency Compliance Agreement**”; and together with the Original Agency Compliance Agreement, the “**Agency Compliance Agreement**”), by and between the Company and the Agency; and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company and FAE in the form of (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be \$12,262,500 but not to exceed \$15,000,000 in connection with the financing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$487,313, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, (iii) abatement of real property taxes with respect to the Facility (as set forth in the PILOT Schedule attached as Exhibit A-1 hereof), and (iv) continued abatement of real property taxes with respect to the Original Facility (as set forth in the PILOT Schedule attached as Exhibit A-2 hereof), consistent with the policies of the Agency; 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 (collectively, the “**Lender**”), a mortgage or mortgages, and such other loan documents satisfactory to the Agency, upon advice of counsel, in both form and substance, as may be reasonably required by the Lender, to be dated a date to be determined, in connection with the financing, any refinancing or permanent financing of the costs of the acquisition, renovation and equipping of the Facility (collectively, the “**Loan Documents**”); and

WHEREAS, the Agency has given due consideration to the application of the Company and to representations by the Company that the proposed transaction is necessary to maintain the competitive position of the Company in its industry; and

WHEREAS, the Company and FAE have agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the

transaction contemplated by the leasing of the Facility by the Agency to the Company and the continued leasing of the Original Facility to FAE.

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

Section 1. The Agency hereby finds and determines:

(a) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(b) The Facility constitutes a “project”, as such term is defined in the Act; and

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

(d) The acquisition, renovation and equipping of the Facility is reasonably necessary to induce the Company to maintain and expand its business operations in the State of New York; and

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

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

(g) It is desirable and in the public interest for the Agency to sublease the Land and the Improvements and to lease the Equipment to the Company; and

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

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



(j) 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; and

(k) The Original Facility continues to constitute a “project”, as such term is defined in the Act; and

(l) The continued leasing of the Original Facility to FAE for continued subleasing to the Company will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of Town of Islip, and the State of New York and improve their standard of living and thereby serve the public purposes of the Act; and

(m) The continued leasing of the Original Facility is reasonably necessary to induce FAE and the Company to maintain and expand their respective business operations in the State of New York; and

(n) Based upon representations of FAE and the Company and counsel to FAE and the Company, the Original Facility continues to conform with the local zoning laws and planning regulations of the Town of Islip, Suffolk County, and all regional and local land use plans for the area in which the Original Facility is located; and

(o) It is desirable and in the public interest for the Agency to continue leasing the Facility to FAE for further subleasing to the Company; and

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

(q) The Amended and Restated Agency Compliance Agreement will be an effective instrument whereby the Company will provide certain assurances to the Agency with respect to the Original Facility.

Section 2. The Agency has assessed all material information included in connection with the Company’s application for financial assistance, including but not limited to, the cost-benefit analysis prepared by the Agency and such information has provided the Agency a reasonable basis for its decision to provide the financial assistance described herein to the Company and FAE.

Section 3. In consequence of the foregoing, the Agency hereby determines to: (i) lease the Land and the Improvements from the Company pursuant to the Company Lease, (ii) execute, deliver and perform the Company Lease, (iii) sublease and lease the Company Facility to the Company pursuant to the Lease Agreement, (iv) execute, deliver and perform the Lease Agreement, (v) grant a mortgage on and security interests in and to the Facility pursuant to the Loan Documents, (vi) execute and deliver the Loan Documents to which the Agency is a party, (vii) continue to lease the Original Facility to FAE pursuant to the

Amended and Restated Lease and Project Agreement, (viii) execute, deliver and perform the Amended and Restated Lease and Project Agreement, and (ix) execute and deliver the Amended and Restated Agency Compliance Agreement.

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, 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 is hereby further authorized to execute and deliver the Loan Documents in connection with the financing of the costs of acquiring, renovating and equipping the Facility and any future Loan Documents in connection with any future refinancing or permanent financing of such costs of acquiring, renovating and equipping of the Facility without the need for any further or future approvals of the Agency.

Section 6. The Agency hereby authorizes and approves the following economic benefits to be granted to the Company and FAE in the form of (i) exemptions from mortgage recording taxes for one or more mortgages securing an amount presently estimated to be \$12,262,500 but not to exceed \$15,000,000 in connection with the financing of the acquisition, renovation and equipping of the Facility and any future financing, refinancing or permanent financing of the costs of acquiring, renovating and equipping the Facility, (ii) exemptions from sales and use taxes in an amount not to exceed \$487,313, in connection with the purchase or lease of equipment, building materials, services or other personal property with respect to the Facility, (iii) abatement of real property taxes with respect to the Facility (as set forth in the PILOT Schedule attached as Exhibit A-1 hereof), and (iv) continued abatement of real property taxes with respect to the Original Facility (as set forth in the PILOT Schedule attached as Exhibit A-2 hereof), consistent with the policies of the Agency.

Section 7. Subject to the provisions of this resolution, the Company is herewith and hereby appointed the agent of the Agency to acquire, renovate and equip the Facility. The Company is hereby empowered to delegate its status as agent of the Agency to its agents, subagents, contractors, subcontractors, materialmen, suppliers, vendors and such other parties as the Company may choose in order to acquire, renovate and equip the Facility. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of the Company as agent 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, as agent of the Agency, shall be deemed to be on behalf of the Agency and for the benefit of the Facility. This agency appointment expressly excludes the purchase by the Company 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 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, as agent of the Agency. The aforesaid appointment of the Company as agent of the Agency to acquire, renovate and equip the Facility shall expire at the earlier of (a) the

completion of such activities and improvements, (b) a date which the Agency designates, or (c) the date on which the Company has received exemptions from sales and use taxes in an amount not to exceed \$487,313 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 if such activities and improvements are not completed by such time. The aforesaid appointment of the Company is subject to the execution of the documents contemplated by this resolution.

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

Section 9. The form and substance of the Company Lease, the Lease Agreement, the Amended and Restated Lease and Project Agreement, the Amended and Restated Agency Compliance Agreement and the Loan Documents to which the Agency is a party (each in substantially the forms presented to or approved by the Agency and which, prior to the execution and delivery thereof, may be redated and renamed) are hereby approved.

Section 10.

(a) The Chairman, Vice Chairman, Executive Director, Deputy Executive Director or any member of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Company Lease, the Lease Agreement, the Amended and Restated Lease and Project Agreement, the Amended and Restated 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, Executive Director, Deputy Executive Director 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, Executive Director, Deputy Executive Director or any member of the Agency shall constitute conclusive evidence of such approval.

(b) The Chairman, Executive Director, Deputy Executive Director 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. This resolution shall take effect immediately.

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

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

That I have compared the annexed extract of the minutes of the meeting of the Town  
of Islip Industrial Development Agency (the “Agency”), including the resolutions contained  
therein, held on the 19th day of September, 2017, with the original thereof on file in my  
office, and that the same is a true and correct copy of the proceedings of the Agency and of  
such resolutions set forth therein and of the whole of said original insofar as the same related  
to the subject matters therein referred to.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand as of the 19th day of  
September, 2017.

By: \_\_\_\_\_  
  Assistant Secretary

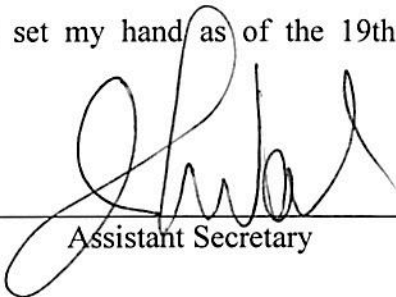


EXHIBIT A-1

Proposed PILOT Benefits for Facility located at  
555 North Research Place, Central Islip, NY

Formula for In-Lieu-of-Taxes Payment: Town of Islip (including any existing incorporated village and any village which may be incorporated after the date thereof, within which the facility is wholly or partially located), Central Islip Union Free School District, Suffolk County and appropriate Special Districts.

Definitions

Normal Tax Due = Those payments for taxes and assessments, and other special ad valorem levies, special assessments and service charges against real property located in the Town of Islip (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located) which are or may be imposed for special improvements or special district improvements, that the Company would pay without exemption.

Formula

Year

|  |  |
|--|--|
| 2018/2019  | 100% Normal Tax Due on the Taxable Assessed Value of \$412,500   |
| 2019/2020  | 100% Normal Tax Due on the Taxable Assessed Value of \$412,500   |
| 2020/2021  | 100% Normal Tax Due on the Taxable Assessed Value of \$412,500   |
| 2021/2022  | 100% Normal Tax Due on the Taxable Assessed Value of \$412,500   |
| 2022/2023  | 100% Normal Tax Due on the Taxable Assessed Value of \$412,500   |
| 2023/2024  | 100% Normal Tax Due on the Taxable Assessed Value of \$491,650   |
| 2024/2025  | 100% Normal Tax Due on the Taxable Assessed Value of \$570,800   |
| 2025/2026  | 100% Normal Tax Due on the Taxable Assessed Value of \$649,950   |
| 2026/2027  | 100% Normal Tax Due on the Taxable Assessed Value of \$729,100   |
| 2027/2028  | 100% Normal Tax Due on the Taxable Assessed Value of \$808,250   |
| 2028/2029  | 100% Normal Tax Due on the Taxable Assessed Value of \$887,400   |
| 2029/2030  | 100% Normal Tax Due on the Taxable Assessed Value of \$966,550   |
| 2030/2031  | 100% Normal Tax Due on the Taxable Assessed Value of \$1,045,700 |
| 2031/2032  | 100% Normal Tax Due on the Taxable Assessed Value of \$1,124,850 |
| And thereafter: 100% Normal Tax Due on the Full Assessed Value |  |

EXHIBIT A-2

Proposed PILOT Benefits for Original Facility located at  
355 South Technology Drive, Central Islip, NY

Formula for In-Lieu-of-Taxes Payment: Town of Islip (including any existing incorporated village and any village which may be incorporated after the date thereof, within which the facility is wholly or partially located), Central Islip Union Free School District, Suffolk County and appropriate Special Districts.

Definitions

Normal Tax Due = Those payments for taxes and assessments, and other special ad valorem levies, special assessments and service charges against real property located in the Town of Islip (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located) which are or may be imposed for special improvements or special district improvements, that the Company would pay without exemption.

Formula

Year

|                 |  |
|-----------------|--|
| 2018/2019       | 100% Normal Tax Due on the Taxable Assessed Value of \$280,000 |
| 2019/2020       | 100% Normal Tax Due on the Taxable Assessed Value of \$280,000 |
| 2020/2021       | 100% Normal Tax Due on the Taxable Assessed Value of \$280,000 |
| 2021/2022       | 100% Normal Tax Due on the Taxable Assessed Value of \$280,000 |
| 2022/2023       | 100% Normal Tax Due on the Taxable Assessed Value of \$280,000 |
| 2023/2024       | 100% Normal Tax Due on the Taxable Assessed Value of \$354,260 |
| 2024/2025       | 100% Normal Tax Due on the Taxable Assessed Value of \$428,520 |
| 2025/2026       | 100% Normal Tax Due on the Taxable Assessed Value of \$502,780 |
| 2026/2027       | 100% Normal Tax Due on the Taxable Assessed Value of \$577,040 |
| 2027/2028       | 100% Normal Tax Due on the Taxable Assessed Value of \$651,300 |
| 2028/2029       | 100% Normal Tax Due on the Taxable Assessed Value of \$725,560 |
| 2029/2030       | 100% Normal Tax Due on the Taxable Assessed Value of \$799,820 |
| 2030/2031       | 100% Normal Tax Due on the Taxable Assessed Value of \$874,080 |
| 2031/2032       | 100% Normal Tax Due on the Taxable Assessed Value of \$948,340 |
| And thereafter: | 100% Normal Tax Due on the Full Assessed Value                 |