

**RESOLUTION AUTHORIZING THE SENDING OF PILOT DEVIATION LETTER
STAVO INDUSTRIES, INC. PROJECT**

A regular meeting of Ulster County Industrial Development Agency (the "Agency") was convened in public session at the offices of the Agency located at 5 Development Court in the City of Kingston, Ulster County, New York on January 11, 2012 at 8:00 o'clock a.m., local time.

The meeting was called to order by the (Vice) Chairperson and, upon roll being called, the following members of the Agency were:

PRESENT:

David O'Halloran	Chairperson
John Morrow	Secretary
Stephen Perfit	Treasurer
Paul Colucci	Assistant Chairperson/Assistant Secretary
Mike Horodyski	Assistant Chairperson/Assistant Secretary
Robert Kinnin	Assistant Chairperson/Assistant Secretary
James Malcolm	Assistant Chairperson/Assistant Secretary

ABSENT:

THE FOLLOWING PERSONS WERE ALSO PRESENT:

Lance Matteson	Chief Executive Officer
Lisa Fadelici	Chief Financial Officer
Linda Clark	Administrative Assistant
A. Joseph Scott, III, Esq.	Agency and Bond Counsel

The following resolution was offered by _____, seconded by _____, to wit:

RESOLUTION AUTHORIZING THE SENDING OF A LETTER TO THE CHIEF EXECUTIVE OFFICERS OF THE AFFECTED TAXING ENTITIES INFORMING THEM OF A PROPOSED DEVIATION FROM ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY'S (THE "AGENCY") UNIFORM TAX EXEMPTION POLICY IN CONNECTION WITH THE STAVO INDUSTRIES, INC. PROJECT.

WHEREAS, Ulster County Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of Chapter 1030 of 1969 Laws of New York, constituting Title 1 of Article 18 A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 787 of the 1976 Laws of New York, as amended, constituting Section 923 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity

and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to issue its revenue bonds to finance the cost of the acquisition, construction, reconstruction and equipping of one or more “projects” (as defined in the Act), to acquire, construct, reconstruct and equip said projects or to cause said projects to be acquired, constructed, reconstructed and equipped, and to convey said projects or to lease said projects (with an obligation to purchase); and

WHEREAS, Stavo Industries, Inc. (the “Company”), submitted an application (the “Application”) to the Agency, a copy of which Application is on file at the office of the Agency, which Application requested that the Agency consider undertaking a project (the “Project”) for the benefit of the Company, said Project consisting of the following: (A) (1) the acquisition of an interest in a parcel of land containing approximately 9.7 acres located at 132 Flatbush Avenue (SBL Parcel Nos. 48.074-3-29.111) in the City of Kingston, Ulster County, New York (the “Land”), together with the existing improvements located on the Land containing in the aggregate approximately 80,000 square feet of space (collectively, the “Existing Facility”), (2) the reconstruction and renovation of the Existing Facility, (3) the construction of an addition to the Existing Facility to contain approximately 2,500 square feet of space (the “Addition”) (the Existing Facility and the Addition collectively hereinafter referred to as the “Facility”) and (4) the acquisition and installation therein and thereon of certain machinery and equipment (the “Equipment”) (the Land, the Facility and the Equipment hereinafter collectively referred to as the “Project Facility”), all of the foregoing to be owned and operated by the Company as a manufacturing facility for the processing of filtration media and related products and for other directly and indirectly related uses and activities; (B) the financing of all or a portion of the costs of the foregoing by the issuance of revenue bonds of the Agency in one or more issues or series in an aggregate principal amount sufficient to pay the cost of undertaking the Project, together with necessary incidental costs in connection therewith, presently estimated to be approximately \$5,400,000 and in any event not to exceed \$7,500,000 (the “Obligations”); (C) paying a portion of the costs incidental to the issuance of the Obligations, including issuance costs of the Obligations and any reserve funds as may be necessary to secure the Obligations; (D) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (collectively with the Obligations, the “Financial Assistance”); and (E) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, by resolution adopted by the members of the Agency on December 14, 2011 (the “Public Hearing Resolution”), the Agency authorized the holding of a public hearing with respect to the Project pursuant to Section 859-a of the Act; and

WHEREAS, the Company has requested the Agency to consider approving the terms described in Schedule A attached for insertion in a payment in lieu of tax agreement for the Project (the “Pilot Request”); and

WHEREAS, the Pilot Request will be a deviation from the Agency’s uniform tax exemption policy; and

WHEREAS, pursuant to Section 874(4) of the Act, prior to taking final action on such request for a deviation from the Agency’s uniform tax exemption policy, the Agency must give the chief executive officers of the County and each city, town, village and school district in which the Project Facility is

located (collectively, the “Affected Tax Jurisdictions”) prior written notice of the proposed deviation from the Agency’s uniform tax exemption policy and the reasons therefor; and

WHEREAS, as provided under the Agency’s uniform tax exemption policy, the Agency intends to obtain the approval of the Affected Tax Jurisdictions with respect to the Pilot Request; and

WHEREAS, pursuant to Section 856(15) of the Act, unless otherwise agreed by the affected tax jurisdictions, payments in lieu of taxes must be allocated among the affected tax jurisdictions in proportion to the amount of real property tax and other taxes which would have been received by each affected tax jurisdiction had the Project Facility not been tax exempt due to the status of the Agency;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY, AS FOLLOWS:

Section 1. Having considered the Company’s Pilot Request, the Executive Director is hereby authorized to (A) present the Pilot Request at the public hearing to be scheduled and held by the Agency for the Project, (B) send a written notice to the chief executive officers of each of the Affected Tax Jurisdictions informing them that the Agency is considering a proposed deviation, as outlined by the Executive Director of the Agency at this meeting, from its uniform tax exemption policy with respect to the Project and the reasons therefor and (C) solicit any comments that such Affected Tax Jurisdictions may have with respect to said proposed deviation.

Section 2. The Chairman, Vice Chairman and/or Executive Director of the Agency is hereby authorized and directed to distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

Section 5. This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

David O’Halloran	VOTING	_____
John Morrow	VOTING	_____
Stephen Perfit	VOTING	_____
Paul Colucci	VOTING	_____
Mike Horodyski	VOTING	_____
Robert Kinnin	VOTING	_____
James Malcolm	VOTING	_____

The foregoing Resolution was thereupon declared duly adopted.

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

I, the undersigned (Assistant) Secretary of Ulster County Industrial Development Agency (the "Agency"), DO HEREBY CERTIFY that I have compared the foregoing annexed extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on January 11, 2012 with the original thereof on file in my office, and that the same is a true and correct copy of said original and of such Resolution contained therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respects duly held; (C) pursuant to Article 7 of the Public Officers Law (the "Open Meetings Law"), said meeting was open to the general public, and due notice of the time and place of said meeting was duly given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 11th day of January, 2012.

(Assistant) Secretary

(SEAL)

SCHEDULE A

TERMS OF PROPOSED PILOT AGREEMENT

- fixed payment equal to \$67,400
- 15 year term
- payment amount allocated among the County, the City and the School District based on tax rates