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PROJECT APPLICATION

Confidentiality

All information contained in this Application will be treated confidentially to the extent permitted by law (see "Certification" section IV of this Application). Under the New York State Freedom of Information Law, information must be disclosed unless such information contains trade secrets (which, if disclosed, would cause irreparable harm). Please indicate which information provided in this Application constitutes trade secrets with an explanation as to why in a letter accompanying this Application. The letter should be addressed to the New York City Industrial Development Agency. *Any alteration of the wording or questions on the following application by the Applicant will render the application void.*

Are you applying for the:

Bond Program	<input checked="" type="checkbox"/>
Small Industry Incentive Program ("SIIP")	<input type="checkbox"/>
Industrial Incentive Program ("IIP")	<input type="checkbox"/>

(SIIP if annual revenues are less than \$5 million and IIP if annual revenues are greater than \$5 million)

By what date do you wish to close the proposed project financing? 01/05/2004

I. Applicant Information

Applicant's Name: Novelty Crystal Corp.

Address: 79-55 Albion Avenue, Elmhurst, NY 11373

Phone/Fax Numbers: [REDACTED]

IRS Employer ID Number: [REDACTED]

S.I.C. Code: [REDACTED]

NY State Dept. of Labor Number (if applicable) [REDACTED]

Officer of Applicant completing this application (contact person):

Name: Asher Michaeli

Title: Vice President

Phone #: [REDACTED]

Fax #: [REDACTED]

Applicant's operation: Manufacturing Service Wholesale Other

Brief description of business: Plastics Injection Molding

To describe what kind of entity Applicant is, please check one of the following:

Public Corp. Private Corp. General Partnership Limited Partnership C Corp. S Corp.
 Limited Liability Company Other (specify)

Applicant's State of Incorporation or Registration: New York State

States in which Applicant is qualified to do business: all 50 states

Applicant's Attorney: Name: Jeffrey I Citron

Phone #: [REDACTED]

Fax #: [REDACTED]

Firm and Address: Davidoff & Malito, LLP
605 Third Ave., New York, NY 10158

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Applicant's Accountant: Name: David Cywiak

Phone #

Fax #

Firm and Address: Cywiak & Co.
6202 20th Ave.
Brooklyn, NY 11204

II. PROJECT INFORMATION

1. Please briefly describe the proposed project; if machinery and equipment is to be acquired, please list the type:
Purchase and renovation of new larger manufacturing facilities
2. Please give best estimates for all anticipated costs and proposed sources of financing involved in the project:

Uses of Funds		Sources of Funds	
Land & Building (Acquisition)	8,750,000.00	Bonds	7,500,000.00
New Construction		Loans (Please identify Sources)	2,000,000.00 - Lending institution
Renovations/Building Improvements	760,000.00	Company Funds	
Machinery/Equipment		Officer Equity/Loans	
Fees/Other Soft Costs	180,000.00	Other Sources (Please identify)	690,000.00
Other (explain)			
Total Project Costs	9,690,000.00	Total Project Sources	9,690,000.00

Please explain costs, loans and other sources of funding on a separate sheet.

3. Please provide the following information relating to the proposed project site.

Street Address & Borough	Block Lot & Section Number	Square Footage of Land	Square Footage Of Building	Currently Owned or Leased	Number of Floors including Basement	Zoning
30-15 48th Ave. Queens	block 283 lot 1	96000	56000	owned	one floor with small mezzanine	m1-4

4. Please provide the following information regarding all present and proposed tenant(s) and sub-tenants(s) at the proposed project site, their percentage of occupancy, and affiliation

Name Contact & Phone	Affiliation with Applicant	Square Feet & Floors (Percent of Occupancy)	Lease Expiration	Tenant Business

5. Provide street address, borough or town, for premises which you currently own or lease, even if you don't occupy same. Do you plan to terminate/sell/vacate/remain at such premises? With respect to currently leased premises, provide the name and address of the landlord and the expiration date of the lease term. Please provide additional details on an attached sheet.

Property Location	Borough/Town	Own/Lease	Landlord	Lease Expiration	Planned Disposition
79-55 Albion Ave Elmhurst, NY 11373	Queens	Own			Lease out
79-15 Albion Ave. Elmhurst, NY 11373	Queens	Own		05/01/2011	lease out
21005 O'Brien Rd. Groveland, FL 34736	Lake	Own			none

6. Is there a relationship, by virtue of common control or through related persons, directly or indirectly, between the Applicant and the present owner of the project site?

Yes No If yes, please provide all details on attached sheet.

7. Will a real estate holding company, limited liability company, or partnership be formed to own the project or premises?

Yes No

If yes, please provide the name and the address of same, the kind of entity (corporation, partnership, etc.), and its officers, partners, shareholders, members, and their respective percentage ownership, etc. to be determined

III. DUE DILIGENCE

1. List name(s), address(es), and phone and fax numbers of any other entity in which, directly or indirectly, Applicant or any of its shareholders, partners, directors, or officers individually or collectively hold 5% or more of the stock or ownership interest (an "Affiliate"). Please include real estate holding companies if applicable.

Entity Name	Address	Phone /Fax Number	Percent Interest
Crystal Lake Executive Corp.	79-55 Albion Ave Elmhurst, NY 11373	[REDACTED]	100%
Pro Court, Inc.	21005 O'Brien Rd. Groveland, FL 34736	[REDACTED]	100%
NCC Molds, Inc.	79-55 Albion Ave. Elmhurst, NY 11373	[REDACTED]	100%
NCC Medical, Inc.	same	same	90%

2. Has the Applicant or any of its Affiliates ever received, or is currently receiving, financial assistance or any other kind of discretionary benefit from any governmental entity or agency, including the New York City Industrial Development Agency?

Yes No If yes, please provide all details on attached sheet.

3. Has the Applicant, or any existing or proposed tenant of the proposed project facility, or any person related to any of the foregoing, received or benefited from with the past six months, or is contemplating to receive or benefit from within the next six months, tax-exempt financing anywhere within the United States?

Yes No If yes, please provide all details on attached sheet.

4. Has the Applicant, or any stockholder, partner officer or director, or any entity with which any of the foregoing individuals have been associated, ever been adjudicated bankrupt or placed in receivership, or otherwise been the subject of a bankruptcy or similar proceedings (prior or current)?

Yes No If yes, please provide all details on attached sheet.

5. Have any of the Applicant's stockholders, partners, officers or directors ever been convicted of any criminal proceedings?

Yes No If yes, please provide all details on attached sheet.

6. Is the Applicant, or any stockholder, partner, officer or director of Applicant, a plaintiff or defendant in any civil or criminal proceedings?

Yes

No If yes, please provide all details on attached sheet.

7. If you responded yes to the previous two questions, in what litigation is Applicant, or any of the individuals and entities currently involved, either as plaintiffs or as named defendants? Provide all details on attached sheet.

8. Does the Applicant have any contingent liabilities? (e.g., pending claims; federal, state or local tax liabilities; judgment liens; other liens, etc.)

Yes

No If yes, please provide all details on attached sheet.

9. Has the Applicant filed all required tax returns with appropriate governmental jurisdictions entities?

Yes

No If no, please provide all details on attached sheet.

Please provide the following information:

10. Company Principals (please attach a brief résumé)

Name	Title	Address	Social Security Number	Date of Birth
Rivka Michaeli	President	1810 East Oak Knoll Ft. Lauderdale, FL 33324	[REDACTED]	03/18/28
Asher Michaeli	Vice President	225 Heathcote Road Scarsdale, NY 10583	[REDACTED]	09/28/49
Joseph Michaeli	Vice President	2 Winged Foot Dr. Larchmont, NY 10538	[REDACTED]	08/27/53
Sara Coslett	Vice President	9326 Bentley Circle Orlando, FL 32819	[REDACTED]	05/26/57

11. Major Customers

Company Name	Address	Phone/Fax	Contact Person	Percent of Sales
Publix Supermarkets	P.O. Box 32012 Lakeland, FL	[REDACTED]	Lisa Judd	15.5%
Bunzl Indianapolis	7034 Brookville Rd. Indianapolis, IN 46239	[REDACTED]	Chris Rigeway	14.0%
Smart & Final Iris Corp.	P.O. Box 512377 Los Angeles, CA 90051	[REDACTED]	Marie Haberstroh	7.5%
Factory Card Outlet	2727 W. Diehl Rd. Naperville, IL 60563	[REDACTED]	Kim Hanratty	3.0%

12. Major Suppliers

Company Name	Address	Phone/Fax	Contact Person
Trademark Plastics Corp.	2201 Edgar Road Linden, NJ 07036	[REDACTED]	Gus Lazarro
I. Stern & Company, Inc.	49 Brant Avenue, Suite 7 Clark, NJ 07066	[REDACTED]	Brian Miles
Muehlstein, Inc.	500 Post Road E. Suite 220 Westport, CT 06880	[REDACTED]	Kelly Murtha
Bamberger Polymers	2 Jericho Plaza Jericho, NY 11753	[REDACTED]	Bob Wright

13. Unions

Union	Address	Phone/Fax	Contact Person	Contract Expiration
Local 210 International Brotherhood of Teamsters	345 West 44th Street New York, NY 10036	[REDACTED]	Lazaro Pina	01/19/2007

14. Banks

Bank Name	Contact Person	Phone/Fax	Type of Account
J.P. Morgan Chase	Faraz Hyder	[REDACTED]	Checking / Savings
Bank of America	Steve Gressel	[REDACTED]	Checking

IV. CERTIFICATION

I, the undersigned, request on behalf of Novelty Crystal Corp.____ ("Applicant") that this Application, including financial data and any tax returns submitted herewith, be submitted for review by the Board of Directors of the New York City Industrial Development Agency ("IDA"). I hereby certify that the information contained herein and in the attachments hereto, are, to the best of my knowledge and belief, accurate, true and correct. I understand that any intentional misstatements or misleading information contained herein, or the omission of relevant information, could be cause for rescission of IDA approval and IDA benefits. Further, I fully understand and accept the fees associated with the IDA program, including but not limited to the IDA Closing Fee; I fully understand and accept the benefit package I am to receive under the IDA program; and I acknowledge receipt from the IDA of a memorandum explaining legal, insurance and various real estate related requirements, all of which will be necessary for the contemplated project.

On behalf of Applicant, I hereby acknowledge and agree that Applicant shall be, and is responsible for, and shall promptly pay all costs incurred by the IDA, in connection with document negotiations, closing and, where applicable, bond issuance and sale, whether or not closing occurs and whether or not bond issuance and sale occur in applicable instances. The aforesaid costs, and Applicant's obligation hereunder to pay for same, shall include, but not be limited to, attorney's fees. Applicant's obligations hereunder are absolute and shall in no event be contingent upon closing.

On behalf of myself, all other principals of Applicant, and Applicant, I hereby authorize the IDA and the New York City Department of Investigation (DOI) to initiate their background clearance procedure with respect to myself, all other principals of Applicant, and Applicant. I, all other principals of Applicant, and Applicant agree to give the DOI permission to secure all necessary personal data from all relevant sources, public and private, and I, all other principals of Applicant, and Applicant further agree to cooperate in all phases of the DOI background and clearance procedure. I, all other principals of Applicant, and the Applicant agree to hold the IDA and the City of New York harmless with respect to any claims for injury, damage, loss or expense which may raise should the above mentioned background clearance procedure not be completed satisfactorily.

On behalf of Applicant and its existing and future affiliates, I authorize any private or governmental entity, including but not limited to The New York State Department of Labor ("DOL"), to release to the IDA and/or to the New York City Economic Development Corporation ("EDC"), and/or to the successors and assigns of either (collectively, the "Information Recipients"), any and all employment information under its control and pertinent to Applicant and its existing and future affiliates and the employees of same. In addition, upon the IDA's request, Applicant shall provide to the IDA any employment information in Applicant's possession or in the possession of any of Applicant's existing and future affiliates, which is pertinent to Applicant and Applicant's existing and future affiliates and the employees of same. Information released or provided to Information Recipients by the DOL, or by any other governmental entity, or by any private entity, or by Applicant itself (collectively, "Employment Information"), may be disclosed by the Information Recipients in connection with the administration of the programs of the IDA, and/or EDC, and/or the successors and assigns of either, and/or the City of New York, and/or as may be necessary to comply with law; and, without limiting the foregoing, the Employment Information may be included in (x) reports prepared by the Information Recipients pursuant to New York City Local Law 69 of 1993, (y) other reports required of the IDA, and (z) any other reports required by law. If the IDA approves this Application and the IDA Board of Directors approves the financing project which is the subject of this Application, this authorization shall remain in effect through the term of the financial assistance documents which the Applicant and the IDA will enter into at closing. If the IDA does not approve this Application, and/or the IDA Board of Directors does not approve the project which is the subject of this Application, this authorization shall remain in effect through the earlier to occur of the aforesaid decisions not to approve.

I, all other principals of Applicant, and Applicant, understand that the IDA may be requested to disclose the information contained in this Application and the attachments hereto, under applicable disclosure laws, or at the request of investigative law enforcement or other governmental bodies. On behalf of myself, all other principals of Applicant, and Applicant, I authorize the IDA to disclose any such information, under such law or where so requested, and I, all other principals of Applicant and the Applicant release the IDA from any liability to the Applicant, all other principals, and/or myself for such disclosure. I also authorize the IDA at its discretion to transmit this Application, including any financial data or tax returns submitted herewith, to the IDA's financial advisors.

On behalf of Applicant, I acknowledge and agree that the IDA reserves the right to require Applicant to submit at Applicant's sole expense, such other documentation as the IDA may require in addition to the documentation required hereunder, and that all such documentation, whether requested hereunder or hereafter, shall be provided at Applicant's sole cost and expenses, and shall be in form and substance satisfactory to the IDA.

Approval of this Application may only be granted by the IDA's Board of Directors through the Board's adoption of an inducement or authorizing resolution for the project described in this Application. Additionally, it is understood and agreed that the \$2,500 Application fee accompanying this Application is non-refundable, regardless of whether or not this Application is so approved. Applicant acknowledges and accepts that: the \$2,500 Application fee will accrue toward payment of the IDA Closing Fee should closing occur, and if and when the IDA's Board of Directors approves this Application, the Agency may additionally require Applicant to pay at such time an amount equal to 1/10 of a percent of the bond/project amount (as applicable), which payment shall also accrue toward payment of the IDA Closing Fee should closing occur.

Date: 9-9-03

Certification By: Rivka Michaeli
Signature of Chief Executive Officer

Rivka Michaeli
Printed Name

Attested By: Asher Michaeli
Chief Financial Officer/Secretary

Asher Michaeli
Printed Name

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

REQUIRED DOCUMENTS

This document summarizes several requirements of the New York City Industrial Development Agency ("Agency") Bond Financing Program, Small Industry Incentive Program and Industrial Incentive Program. The items listed below are necessary in order to complete the review of a company's application. It is intended as a convenience to the Company but is not all-inclusive, and additional items may be required.

DOCUMENTATION REQUIRED FOR INDUCEMENT

1. To be given to the Company
 - A. Core Application
 - B. Required Documentation List
 - C. Environmental Assessment Form

2. To be given to Company's Counsel
 - A. Manufacturing Determination Form (Only if Applicant is a manufacturer)
 - B. Retail Questionnaire
 - C. Anti-Raiding Questionnaire
 - D. Employment Questionnaire
 - E. MEMORANDUM to Company's Counsel (Read-only)
 - F. Public Hearing Questionnaire

3. Please include when submitting Core Application:
 - A. Financial statements for last three fiscal years and corporate tax returns for the last three fiscal years if the statements are neither audited nor reviewed.
 - B. If Applicant is privately owned, financial statement of each owner of Applicant for the last year.
 - C. Financial projections for three fiscal years (only applicable if Applicant is seeking purchase money (financing)).
 - D. If applicable, draft or final (as the case may be) contract of sale, ground lease or space lease, for acquiring title or leasehold title to the proposed site. **NOTE:** If contract or lease is executed and delivered prior to inducement/approval by the Agency's Board of Directors, such contract or lease must have a contingency for the benefit of Applicant to terminate such contract or lease and get back its down payment/deposit in the event the Agency's Board of Directors fails to induce/approve the project.
 - E. Copies of Applicant's current leases (if any); copies of deeds to real property currently owned by Applicant (if any).
 - F. A copy of current payroll and copies of IA5 forms (New York State employee report of contributions) for the last four calendar quarters.
 - G. Inducement Letter. Please provide a letter addressed to New York City Industrial Development Agency detailing (i) potential alternatives to IDA financial assistance and specific steps taken by Applicant to explore such alternatives, (ii) why Applicant would have pursued such alternatives but for the availability of IDA

financial assistance, (iii) how and whether Applicant would proceed if IDA financial assistance were not approved, and (iv) the potential economic development contribution of the project to the City's economy.

- H. Résumé of principal(s)/owner(s) of the business. Please list any relationship, if any, among the principals. Please include, age, education, employment history, current title and salary, and percent ownership of the company.
- I. Please provide a job description of key management personnel including principals who have major responsibilities.
- J. Please provide a detailed history of the company and a detailed description of the company's business.
- K. Non-refundable application Fee: \$2,500, payable to New York City Industrial Development Agency.
- L. If Project entails new construction, completed Environmental Audit Report (Phase I) certified to New York City Industrial Development Agency.

DOCUMENTATION REQUIRED FOR RESOLUTION

- 1. Financing Commitment Letters
- 2. Completed Environmental Audit Report (Phase I) certified to New York City Industrial Development Agency. The Audit Report must conform to ASTM (American Society for Testing of Materials) standards, and, in particular, to E1527-93 ("Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process"). (Based upon the Agency's review of the Phase I report, a Phase II may be additionally necessary. Based upon the Agency's review of the intended use of the project facility, the Agency may additionally require an audit of Applicant's current operations in order to ascertain whether same are in compliance with environmental laws.)

MINIMUM DOCUMENTATION REQUIRED FOR CLOSING

- 1. Survey of project realty certified to New York City Industrial Development Agency.
- 2. Evidence of certain insurance coverage (liability insurance in the minimum amount of \$5,000,000 naming New York City Industrial Development Agency and the Bond trustee (if applicable) as additional insureds).
- 3. Title Report/Title Insurance. Include full departmental and municipal searches. Title continuation down to time of closing will be required
- 4. For all tax-exempt deals and deals involving purchase money mortgages, Applicant must provide an appraisal of the project facility. For all other project financings, appraisals will be necessary according to lender requirements.
- 5. Annual Employment Report.
- 6. All necessary real property transfer and gains tax questionnaires, returns, affidavits and tentative assessments.
- 7. An acceptable opinion of counsel from Applicant's counsel.

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

Environmental Assessment Form

Part I - Project Information

Prepared by Project Sponsor

NOTICE. This document is designed to assist in determining whether the action proposed may have a significant effect on the environment. Please complete the entire form, Parts A through E. Answers to these questions will be considered as part of the application for approval and may be subject to further verification and public review. Provide any additional information you believe will be needed to complete Parts 2 and 3. It is expected that completion of the full EAF will be dependent on the information currently available and will not involve new studies, research or investigation. If information requiring such additional work is unavailable, so indicate and specify each instance.

Name of Action Relocation of manufacturing facility		
Location of Action (Include Street Address, Municipality and County) 30-15 48th Avenue, Long Island City, NY (County of Queens)		
Name of Applicant/Sponsor Novelty Crystal Corp.	Business Telephone [REDACTED]	
Address 79-55 Albion Avenue		
City/PO Elmhurst	State NY	Zip Code 11373
Name of Owner (if different)	Business Telephone [REDACTED]	
Address		
City/PO	State	Zip Code
Description of Action Purchase existing building and adjacent lot		

Please complete each question indicate N.A. if not applicable

A. Site Description

Physical setting of overall project, both developed and undeveloped areas.

1. Present land use: Urban Industrial Commercial Residential (suburban)
 Rural (non-farm) Forest Agriculture
 Other

2. Total acreage of project area: 2.3 acres

APPROXIMATE ACREAGE

	PRESENTLY (in acres)	AFTER COMPLETION (in acres)
Meadow or Brushland (Non-agricultural)	0	0
Forested	0	0
Agricultural (Includes orchards, cropland, pasture, etc.)	0	0
Wetland (Freshwater or tidal as per Articles 24, 25 of ECL)	0	0
Water Surface Area	0	0
Unvegetated (Rock, earth or fill)	0	0

Roads, building and other paved surfaces	2.3	2.3
Other (indicate type)	0	0

3. What is predominant soil type(s) on project site?

a. Soil drainage: Well drained % of site Moderately well drained 100 % of site
 Poorly drained % of site

b. If any agricultural land is involved, how many acres of soil are classified within soil group 1 through 4 of the NY Land Classification System? _____ acres. (See I NYCRR 370).

4. Are there bedrock outcroppings on project site? Yes No

a. What is depth to bedrock? _____ (in feet)

5. Approximate percentage of proposed, project site with slopes: 0-10% 10-15% 15% or greater

6. Is project substantially contiguous to, or contain a building, site, or district, listed on the State or the National Registers of Historic Places? Yes No

7. Is project substantially contiguous to a site on the Register or National Natural Landmarks?

Yes No

8. What is the depth of the water table? 230 (in feet)

9. Is site located over a primary, principal, or sole source aquifer? Yes No

10. Do hunting, fishing or shell fishing opportunities presently exist in the project area? Yes No

11. Does project site contain any species of plant or animal life that is identified as threatened or endangered?

Yes No According to
Identify each species

12. Are there any unique or unusual land forms on the project site? (i.e., cliffs, dunes, other geological formations)

Yes No Describe

13. Is the project site presently used by the community or neighborhood as an open space or recreation area?

Yes No If yes, explain

14. Does the present site include scenic views known to be important to the community? Yes No

15. Streams within or contiguous to project area:

a. Name of Stream and name of River to which it is tributary n/a

16. Lakes, ponds, wetland areas within or contiguous to project area:

a. Name n/a b. Size (in acres) n/a

17. Is the site served by existing public utilities? Yes No

a. If Yes, does sufficient capacity exist to allow connection? Yes No

b. If Yes, will improvements be necessary to allow connection? Yes No

18. Is the site located in an agricultural district certified pursuant to Agriculture and Markets Law, Article 25-AA, Section 303 and 304? Yes No

19. Is the site located in or substantially contiguous to a Critical Environmental Area designated pursuant to Article 8 of the ECL and 6 NYCRR617? Yes No

20. Has the site ever been used for the disposal of solid or hazardous wastes? Yes No

21. Is any part or all of the site listed on the National Priorities List, CERCLA Information System List ("CERCLIS LIST"), the New York State Inactive Hazardous Waste Disposal Site Registry and/or the New York State Petroleum Spill List? Yes No

If yes, please provide specific information regarding such listing on a separate piece of paper.

22. Has any part or all of the site been listed on the National Priorities List, CERCLIS LIST, the New York State Inactive Hazardous Waste Disposal Site Registry and/or the New York State Petroleum Spill List?

Yes No

23. Are there any hazardous and/or toxic or similar material(s), substance(s) and/or waste(s), including but not limited to petroleum products, present at the site that which may pose a health or physical hazard to persons employed at or visiting the project site? Yes No
 If yes, please provide specific information regarding all such materials(s), substance(s) and/or waste(s).

24. Are there any properties which are or have been listed on the National Priorities List, CERCLIS LIST, the New York State Inactive Hazardous Waste Disposal Site Registry and/or the New York State Petroleum Spill List within 1/4 mile of the site? Yes No
 If yes, please provide specific information regarding all such property(ies) on a separate piece of paper.

25. Are there any properties which are or have been listed on the National Priorities List, CERCLIS LIST, the New York state Inactive Hazardous Waste Disposal Site Registry and/or the New York State Petroleum Spill List which may pose a health or physical hazard to persons employed at or visiting the site? Yes No
 If yes, please provide specific information regarding all such property(ies) on a separate piece of paper.

26. Does the Applicant have any reason to believe that there are any hazardous and/or toxic or similar material(s), substance(s) and/or waste(s), including but not limited to petroleum products, present at properties in the vicinity of the site that which may pose a health or physical hazard to persons employed at the visiting site? Yes No
 If yes, please explain on a separate piece of paper.

B. Project Description

1. Physical dimensions and scale of project (fill in dimensions as appropriate)
 - a. Total contiguous acreage owned or controlled by project sponsor 2.3 acres.
 - b. Project acreage to be developed 0 acres initially 0 acres ultimately.
 - c. Project acreage to remain undeveloped 1 acres.
 - d. Length of project, in miles n/a (if appropriate).
 - e. If the project is an expansion, indicate percent of expansion proposed n/a %.
 - f. Number of off-street parking spaces: existing 40 proposed 0.
 - g. Maximum vehicular trips generated per hour upon completion of project)? (See Attachment)
 - h. If residential, number and type of housing units:

	One Family	Two Family	Multiple Family	Condominium
Initially	n/a	n/a	n/a	n/a
Ultimately	n/a	n/a	n/a	n/a

- i. Dimensions (in feet) of largest proposed structure: height; width; length.
- j. Linear feet of frontage along a public thoroughfare project will occupy: 500 ft.

2. How much natural material (i.e., rock, earth, etc.) will be removed from the site? 0 tons/cubic yards.
3. Will disturbed areas be reclaimed? Yes No N/A
 - a. If yes, for what intended purpose is the site being reclaimed?
 - b. Will topsoil be stockpiled for reclamation? Yes No
 - c. Will upper subsoil be stockpiled for reclamation? Yes No
4. How many acres of vegetation (trees, shrubs, ground covers) will be removed from site? 0 acres.
5. Will any mature forest (over 100 years old) or other locally-important vegetation be removed by this project? Yes No
6. If single phase project: Anticipated period of construction 5 months (including demolition).
7. If multi-phased:
 - a. Total number of phases anticipated 1
 - b. Anticipated date of commencement phase 1 01 month 2004 year (including demolition)

- c. Approximate completion date of final phase 5 month 2004 year.
 d. Is phase 1 functionally dependent on subsequent phases? Yes No

8. Will blasting occur during construction? Yes No

9. Number of jobs generated: during construction 30 after project is complete 15

10. Number of jobs eliminated by this project 0

11. Will project require relocation of any projects or facilities? Yes No If yes, explain

12. Is surface liquid waste disposal involved? Yes No

- a. If yes, indicate type of waste (sewage, industrial, etc.) and amount n/a
 b. Name of water body into which effluent will be discharged n/a

13. Is subsurface liquid waste disposal involved? Yes No Type

14. Will surface area of an existing water body increase or decrease by proposal? Yes No
 Explain

15. Is project or any portion of project located in a 100-year flood plain? Yes No

16. Will the project generate solid waste? Yes No

- a. If yes, what is the amount per month tons.
 b. Will an existing solid waste facility be used? Yes No
 c. Give name n/a, location n/a.

Will any wastes not go into a sewage disposal system or into a sanitary landfill? Yes No
 If yes, explain

17. Will the project involve the disposal of solid waste? Yes No

- a. If yes, what is the anticipated rate of disposal? tons/month.
 b. What is the anticipated site life 30 years.

18. Will project use herbicides or pesticides? Yes No

19. Will project routinely produce odors (more than one hour per day)? Yes No

20. Will project produce operating noise exceeding the local ambient noise levels? Yes No

21. Will project result in an increase in energy use? Yes No

If yes, indicate type(s).
 electricity

22. If water supply is from wells, indicate pumping capacity n/a gallons/minute.

23. Total anticipated water usage n/a gallons/day.

24. Does project involve local, state or federal funding? Yes No

If yes, explain: IRB Financing

25. Approvals Required:

City, Town, Village Board	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Type	Submittal Date
City, Town, Village Planning Board	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Type	Submittal Date
City, Town Zoning Board	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Type	Submittal Date
City, County Health Department	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Type	Submittal Date
Other Local Agencies	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Type	Submittal Date
Other Regional Agencies	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Type	Submittal Date
State Agencies	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Type	Submittal Date
Federal Agencies	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Type	Submittal Date

C. Zoning and Planning Information

1. Does proposed action involve a planning or zoning decision? Yes No
If, yes indicate decision required:
zoning amendment zoning variance special use permit subdivision site plan
new/revision of master plan resource management plan other
2. What is the zoning classification(s) of the site? m1-4
3. What is the maximum potential development of the site if developed as permitted by the present zoning?
2 story building
4. What is the proposed zoning of the site? m1-4
5. What is the maximum potential development of the site if developed as permitted by the proposed zoning?
2 story building
6. Is the proposed action consistent with the recommended uses in adopted local land use plans?
Yes No
7. What are the predominant land use(s) and zoning classifications within a 1/4 mile radius of proposed action?
commercial/industrial
8. Is the proposed action compatible with adjoining/surrounding land uses within a 1/4 mile radius?
Yes No
9. If the proposed action is the subdivision of land, how many lots are proposed? n/a
What is the minimum lot size proposed? n/a
10. Will proposed action require any authorization(s) for the formation of sewer or water districts?
Yes No
11. Will the proposed action create a demand for any community provided services (recreation, education, police, fireprotection)? Yes No
If yes, is existing capacity sufficient to handle projected demand? Yes No
12. Will the proposed action result in the generation of traffic significantly above present levels? Yes No
If yes, is the existing road network adequate to handle the additional traffic? Yes No

D. Informational Details

Attach any additional information that may be needed to clarify your project. If there are or could be any adverse environmental impacts with your proposal, please discuss such impacts and the measures you propose to mitigate or avoid them.

E. Verification

I certify that the information provided above is true to the best of my knowledge.

Applicant/Sponsor Name: Novelty Crystal Corp. Date 9-9-03
Signature John Michael Title Vice President

If the action is in the Coastal Area, and you are a state agency, complete the Coastal Assessment Form before proceeding with this assessment.

MEMORANDUM

TO: Counsel for the Company

FROM: General Counsel's Office of the New York City Industrial Development Agency

RE: Various Requirements for New York City Industrial Development Agency Bond Financing Projects/Small Industry Incentive and Industrial Incentive Projects

This memorandum summarizes several requirements of the New York City Industrial Development Agency ("Agency") Bond Financing Program, Small Industry Incentive and Industrial Incentive Programs (collectively "Incentive Programs"). This memorandum is intended as a convenience to Company counsel and is not all-inclusive. Counsel is advised to check with Agency Bond/Incentive Program Counsel prior to the closing to insure that all Agency requirements have been satisfied. References herein to the "Lease Agreement" mean the financing or project lease agreement under which the Agency will lease back the project premises to the Company as lessee. References to "Incentive Program Counsel" shall mean counsel used by the Agency in the Small Industry Incentive and Industrial Incentive Projects.

1. Title Insurance and Surveys. For any Project for which the Agency takes title to Real Property, Company's counsel must obtain a Title Insurance Policy insuring the Agency, as fee owner (or leasehold owner, if applicable) of the real property. For Agency Bond financing, the Title Insurance Policy must also insure the Trustee, as Mortgagee(s). A title insurance report should be forwarded to the Agency, Agency Bond/Incentive Program Counsel (and, if applicable, Trustee's counsel), as soon as possible. Such Title Insurance Policy shall include a complete set of municipal departmental searches, a current certificate of occupancy and copies of all easements, covenants, encumbrances, and party wall agreements. A current survey must be originally certified to the Agency (and, if applicable, to the Trustee). Agency Counsel should be advised as soon as possible if the Real Property includes a partial tax lot which will require a tax lot subdivision. Title continuation to closing will be required.

2. Property and Liability Insurance. Sections 4.5 and 6.2 of the Lease Agreement (attached hereto as Exhibit A) outline the required insurance for the Project. Exhibits B (the ACORD insurance forms, hereinafter "the ACORD Forms") and C (the broker's certificate of coverage, confirming that the Lessee, as of the date of closing, has obtained Specific Coverage in accordance with the requirements of Sections 4.5 and 6.2) should be copied and mailed to the Company's insurance agent as soon as possible so that the insurance certificates can be reviewed before the closing.

As stated in Section 4.5, in most bond financings, the project must have property insurance (as evidenced by ACORD Form 27, "Evidence of Property Insurance") that names the Agency and the Company as additional insureds (and, if applicable, the Trustee should be named as a loss payee and mortgagee). If the project involves construction, owner's and contractor's protective or builder's risk policies must be obtained. The primary insured for purposes of all such required policies of insurance must be, at a minimum, the lessee under the Lease Agreement.

The liability insurance must be in a combined amount of \$10,000,000. The Agency must be named as an additional insured (and, if applicable, the Trustee must be named as an additional insured). The liability policy must specifically state that it includes contractual liability coverage "in accordance with Sections 4.5 and 6.2 of the Lease Agreement dated [insert date] between the New York City Industrial Development Agency and [insert Company name]." See the sample ACORD Certificate of Liability Insurance (Form 25-S) attached hereto as Exhibit B.

All insurance policies should be evidenced by an ACORD Form executed by an authorized representative of the insurance company. The Agency (and, if applicable, the Trustee) should be listed as a certificate holder. In addition, the ACORD Certificate contains printed language that the issuing company will "endeavor to" mail 30 days written notice..."but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives." Each of these quoted phrases should be stricken as shown in the sample certificates. The Agency requires 30 days notice of cancellation of all policies. Company's counsel should be sure that the insurance agent is aware of this requirement.

The Company must present evidence that it has appropriate workmen's compensation insurance.

3. Corporate Records. All corporate lessees, sublessees and guarantors are required to produce copies, certified by the Secretary of State of the certificate of incorporation, certificate of good standing and franchise tax reports for each corporate entity

involved in the transaction as well as by-laws, and any applicable shareholder agreements. Accordingly, these should be ordered so that they will arrive in time for the closing.

4. Partnership Records. If any lessee, sublessee or guarantor is either a limited partnership or a general partnership, a certified copy of the certificate of limited partnership (or the doing business certificate in the case of a general partnership) and the partnership agreement with all amendments must be obtained. The certificates are available from the Office of the County Clerk in the County in which the partnership has been formed.

5. Opinion of Counsel. All counsel are required to deliver an opinion, the form of which shall be appended to the record of proceedings as prepared by Agency Bond/Incentive Program Counsel. In order to deliver this opinion, counsel is advised to review the opinion thoroughly and to make inquiry of the Company's officers, accountants, engineers, general counsel (if applicable), and such other persons and records as counsel deems advisable to deliver the opinion.

6. Tax Regulatory Agreement. For Agency Bond Financing transactions, upon receipt from Bond Counsel, Borrower's Counsel is advised to forward the Tax Regulatory Agreement to the Borrower's accountant for preparation of the necessary schedules and accountant's opinion letter in the form appended thereto, and to transmit a mark-up of the Agreement and draft accountant's opinions (with proposed schedules) to Bond Counsel as early as possible.

7. Employment and Job Opportunity Reporting. Pursuant to the General Municipal Law the Company must agree to list new employment opportunities with the New York State Department of Labor and with the appropriate entity under the Federal Job Training Partnership Act. In addition and where practicable, the Company must first consider persons referred by such entities for new employment opportunities. These requirements, however, are subject to any applicable collective bargaining agreements to which the Company may be a party.

8. Environmental Audit, Environmental and Zoning Opinions. The Company must complete an Environmental Assessment Form (EAF) for each project location prior to adoption of an inducement resolution by the Agency's Board of Directors. In addition, the Company shall retain, at its sole cost and expense, an environmental consultant satisfactory to the Agency, who shall prepare an environmental conditions audit of the Facility, certified to the Agency, and otherwise in form and substance satisfactory to such parties. Such audit shall conform to ASTM (American Society for Testing of Materials) Standards, and, in particular, to E 1527-93 ("Standard Practice for Environmental Site Assessments: Phase I Environmental Assessment Process"), and shall in addition certify that: (1) the consultant has physically inspected such property; (2) there is no reason to believe that the property is contaminated due to exposure to organic chemicals, toxic wastes or other reactive substances; and (3) such property and any other property within 1/4 mile of same, is not on any list of contaminated, disposal or spill sites maintained by the New York State Department of Environmental Conservation or the New York City Department of Environmental Protection or any agency of the United States Government. If the Company is engaged in any industrial or manufacturing processes, or if otherwise required by the Agency, it shall also retain, at its sole cost and expense, an environmental consultant satisfactory to the Agency, who shall prepare an environmental operations audit of the Company's operations at the Facility, certified to the Agency, and otherwise in form and substance satisfactory to the Agency. Such audit shall certify that: (1) the consultant has physically inspected the current operations of the Company; (2) the consultant has reviewed the Company's plans for proposed operations at the Facility; and (3) the Company's current and proposed operations do not and will not violate any existing federal, state or local environmental law, rule or regulation.

The Company's counsel's opinion to the Agency will also be required to include, but shall not be limited to, the following opinions with respect to environmental and zoning matters:

(i) The proposed business, operations and use of the Facility, if undertaken as described in the Lease Agreement, will not conflict with or violate any environmental law in existence as of the date hereof.

(ii) The operation of the Facility in the manner presently contemplated and as described in the Lease Agreement will not conflict with any zoning law, ordinance or regulation in existence on the date hereof."

For purposes of delivering the foregoing environmental and zoning opinions, the Company's counsel may respectively rely on (i) the factual findings and expert opinions contained in the aforementioned environmental conditions, and/or environmental operations audit, and (ii) an architect's certificate as to zoning compliance or the legal opinion of special zoning counsel, provided counsel represents that the firm or firms delivering such audits, certificate, and/or legal opinion is or are qualified and capable of preparing same.

9. PILOT Security and Procedure. To the extent that the Agency takes fee title to real property as part of the Project, the Agency will require a first mortgage on such real property (or other equivalent security deemed satisfactory by the Agency) securing the Company's obligation to make payments in lieu of real estate taxes ("PILOT") pursuant to the Lease Agreement.

PILOT only commences once a year, on July 1. Until PILOT so commences, the company must pay full real estate taxes with respect to the Project premises. To commence PILOT on July 1, the Agency must take title to the project premises before the January 5 preceding the July 1 commencement date. Failure of the Agency and Company to close before January 5 will delay PILOT commencement until the second July 1 following the closing date. When an IDA real estate transaction is closed, a deed, directive to the tax assessor, project survey, and PILOT agreement extract from the lease are forwarded to appropriate divisions of the Department

of Finance informing them that the property has been conveyed to the IDA. The Department of Finance reviews the parcel and informs the IDA if there are any problems that may hinder its removal from the tax rolls. If all is in order, the assessed valuations are forwarded to the IDA and are used to calculate the PILOT. The parcel is recorded as exempt for the next fiscal year. Please note that Finance will not record Project premises as exempt if the premises are a partial tax lot, and will only take the premises off the tax rolls once the tax lot sub-division is complete.

10. Contract of Sale, etc. In order to establish that, but for the Agency's participation in a project, the project would not occur or would occur outside New York State, any contract of sale, ground lease or space lease necessary for acquiring fee or leasehold title to the project, which the Company executes and delivers before the Agency's Board of Directors induces the Project, must have a contingency clause which will allow the Company to get back its down payment/deposit (and abrogate the Company's obligations under the contract or lease in question) upon the Agency's failure to so induce. The absence of such a contingency clause will in most instances, disqualify the Company from applying for Agency benefits and/or financing. Contracts and leases executed and delivered after inducement by the Agency's Board of Directors need not have such a contingency clause.

Exhibit A

Form Insurance and Agreement Provisions for IDA Bond/Straight Lease Transactions

Italic type indicates IDA Bond Transaction provisions

Section 4.5 Insurance. (a) At all times throughout the term of this Agreement, including without limitation during any period of construction or reconstruction of the Facility, the Lessee shall maintain insurance, with insurance companies licensed to do business in the State, against such risks, loss, damage and liability (including liability to third parties) and for such amounts as are customarily insured against by other enterprises of like size and type as that of the Lessee. In addition to this general requirement, such insurance shall, for purposes of subsections (b)-(g) of this Section 4.5, include, without limitation the insurance coverages described in paragraphs (i) through (ix) immediately below (hereinafter: "Specific Coverage"):

(i) During any period of construction, renovation, improvement or reconstruction of the Facility, to the extent not covered by the General Liability insurance referred to below, Owners & Contractors Protective Liability Insurance for the benefit of the Lessee, the Agency and the Trustee in a minimum amount of [~~\$5,000,000~~] [\$10,000,000] aggregate coverage for bodily and personal injury and property damage;

(ii) [(A) *Property damage insurance, if bond financing is secured by a security interest in the Facility or is otherwise required by the lender, underwriter or other financing source for the Project, and (B)] during any period of construction, reconstruction or substantial renovation of the Facility (to the extent not otherwise covered by property damage insurance), Builders' All Risk Insurance written on "100% builders' risk completed value, non-reporting form" including coverage therein for "completion and/or premises occupancy", and coverage for property damage insurance, all of which insurance shall include coverage for removal of debris, insuring the buildings, structures, facilities, equipment, furniture, fixtures and other property constituting a part of the Facility against loss or damage to the Facility by all risk of physical loss at all times in an amount such that the proceeds of such insurance shall be sufficient to prevent the Lessee, the Agency or the Trustee from becoming a co-insurer of any loss under the insurance policies but in any event in amounts equal to [not less than]/[for bonds: *the greater of*] [(A)] 100% of the actual replacement value of the Facility as determined by a qualified insurance appraiser or insurer selected by the Lessee) not less often than once every three years, at the expense of the Lessee, [for bonds: *and (B) the principal amount of the Outstanding Bonds*]; any such insurance may provide that the insurer is not liable to the extent of the first \$50,000 with the result that the Lessee is its own insurer to the extent of \$50,000 of such risks;*

(iii) General Liability insurance (including contractual liability coverage, together with any Umbrella Liability insurance), naming the Lessee and the Sublessee as primary insureds, in accordance with customary insurance practices for similar operations with respect to the Facility and the business thereby conducted, in a minimum amount of \$10,000,000 per occurrence per location aggregate [or, if the Facility is covered by a multi-site policy, such multiple of that minimum through excess coverage as is satisfactory to the Agency], which insurance (A) will also provide coverage of the Lessee's obligations of indemnity under Section 6.2 hereof (excluding, however, those obligations of the Lessee (1) requiring payment of taxes, (2) set forth in Section 6.2(a)(i) or (iv) hereof, (3) under Section 6.2(a)(viii) hereof to the extent not available to the Lessee at commercially reasonable rates), and (B) may be effected under overall blanket or excess coverage policies of the Lessee or any Affiliate thereof, provided, however, that at least \$500,000 is effected by a General Liability insurance policy, and (C) shall not contain any provisions for a deductible amount;

(iv) Workers' compensation insurance, disability benefits insurance and such other forms of insurance that the Lessee, the Sublessee or the Agency is required by law to provide covering loss resulting from injury, sickness, disability or death of the employees of the Lessee or any Affiliate thereof, or any contractor or subcontractor performing work with respect to the Facility; the Lessee shall require that all said contractors and subcontractors shall maintain all forms or types of insurance with respect to their employees required by law;

(v) [*Flood insurance, to the extent not covered by Property damage insurance, in an amount equal to the greater of the full replacement cost or the maximum amount then available under the National Flood Insurance Program;*]

\$5 million for most IDA industrial financings and straight-lease projects, but never less than \$5 million; \$10 million for most nonprofit financings, but never less than \$10 million

Italicized bracketed insertions refer to bond financings only.

First-loss coverage can be as low as \$10,000, especially if a lender requires that.

should cover damage from torrential rain, etc. - relatively low cost if not in a flood zone

(vi) [Boiler and Machinery property damage insurance in respect to any steam and pressure boilers and similar apparatus located at the Facility from risks normally insured against under boiler and machinery policies and in amounts and with deductions customarily obtained for similar business enterprises];

(vii) Automobile liability insurance, to the extent not covered by General Liability insurance, in the amount of \$10,000,000 covering the Lessee and/or Sublessee, as applicable, for all owned, non-owned and/or hired automobiles, forklifts and other drivable machinery and/or vehicles used in connection with the Facility;

[(viii) as applicable: Environmental Liability insurance in the amount of \$ ____ to the extent available at commercially reasonable rates]; and

(ix) Such other insurance [e.g., garage keeper's liability insurance] in such amounts and against such insurable hazards as the Agency [or the Trustee at the direction of the Holders of a majority in aggregate principal amount of the Bonds Outstanding] from time to time may reasonably require.

(b) All Specific Coverage required by Section 4.5(a) above shall be procured and maintained in financially sound and generally recognized responsible insurance companies authorized to write such insurance in the State and having an A.M. Best rating of "A-/X" or better [A/XIII or better for hospital, waste facility, airport financings or project financings]

(c) Each of the policies or binders evidencing the Specific Coverage required above to be obtained shall

(i) designate (except in the case of workers' compensation insurance) the Lessee, the Sublessee, [the Trustee] and the Agency as additional insureds as their respective interests may appear,

(ii) [provide that all insurance proceeds in excess of [\$100,000]** with respect to loss or damage to the property of the Facility be endorsed and made payable to the Trustee and shall name the Trustee as a loss payee under the standard loss payee clause and as a mortgagee under the terms of a standard mortgagee clause, which insurance proceeds shall be paid over to the Trustee and deposited in the Renewal Fund];

(iii) provide that there shall be no recourse against the Agency [or the Trustee] for the payment of premiums or commissions or (if such policies or binders provide for the payment thereof) additional premiums or assessments;

(iv) provide that in respect of the respective interests of the Agency [and the Trustee] in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee or any other Person and shall insure the Agency [and the Trustee] regardless of, and any losses shall be payable notwithstanding, any such action or inaction;

(v) provide that such insurance shall be primary insurance without any right of contribution from any other insurance carried by the Agency [or the Trustee] to the extent that such other insurance provides the Agency [or the Trustee], as the case may be, with contingent and/or excess liability insurance with respect to its respective interest as such in the Facility;

(vi) provide that if the insurers cancel such insurance for any reason whatsoever, including the insured's failure to pay any accrued premium, or the same is allowed to lapse or expire, or there be any reduction in amount, or any material change is made in the coverage, such cancellation, lapse, expiration, reduction or change shall not be effective as to the Agency [or the Trustee] until at least thirty (30) days, or ten (10) days if due to nonpayment of premium, after receipt by the Agency [and the Trustee], respectively, of written notice by such insurers of such cancellation, lapse, expiration or change;

(vii) waive any right of subrogation of the insurers thereunder against any Person insured under such policy, and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Person insured under such policy; and

(viii) contain such other terms and provisions as any owner or operator of facilities similar to the Facility would, in the prudent management of its properties, require to be contained in policies, binders or interim insurance contracts with respect to facilities similar to the Facility owned or operated by it.

** should be same levels as General Liability insurance

** if there are credit enhancements or other security apart from the Facility, this figure may be negotiated upward

(d) *[The Net Proceeds of any Specific Coverage received with respect to any loss or damage to the property of the Facility shall be deposited in the Renewal Fund and applied in accordance with Section 5.1 hereof and the Indenture].*

(e) The Lessee shall deliver or cause to be delivered to the Agency *[and the Trustee]* the following documents evidencing compliance with the Specific Coverage requirements of this Section 4.5: (i) on or prior to the execution and delivery of this Agreement, (A) a broker's certificate of coverage, confirming that the Lessee, as of the date of closing, has obtained Specific Coverage in accordance with the requirements of this Section 4.5, and (B) certificate of liability insurance, *[evidence of property insurance]* and certificates or other evidence of other required insurance, and, (ii) as soon as practicable thereafter, duplicate copies of insurance policies and/or binders. At least seven (7) Business Days prior to the expiration of any such policy, the Lessee shall furnish the Agency *[and the Trustee]* with evidence that such policy has been renewed or replaced or is no longer required by this Agreement.

(f) The Lessee shall, at its own cost and expense, make all proofs of loss and take all other steps necessary or reasonably requested by the Agency *[or the Trustee]* to collect from insurers for any loss covered by any insurance required to be obtained by this Section 4.5. The Lessee shall not do any act, or suffer or permit any act to be done, whereby any Specific Coverage required by this Section 4.5 would or might be suspended or impaired.

(g) THE AGENCY DOES NOT IN ANY WAY REPRESENT THAT THE INSURANCE SPECIFIED HEREIN, WHETHER IN SCOPE OR COVERAGE OR LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE BUSINESS OR INTEREST OF THE LESSEE OR THE SUBLESSEE.

Section 6.2. Indemnity. (a) The Lessee shall at all times indemnify, defend, protect and hold the Agency, and any director, member, officer, employee, servant, agent (excluding for this purpose the Lessee, which is not obligated hereby to indemnify its own employees, affiliated companies or affiliated individuals) thereof and persons under the Agency's control or supervision, *[and] the PILOT Depository, [the Trustee, the Bond Registrar and the Paying Agents]* (collectively, the "Indemnified Parties") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses (collectively, "Claims") of any kind for losses, damage, injury and liability (collectively, "Liability") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing from _____, the date the Agency adopted its inducement resolution for the Project, and continuing throughout the term of this Agreement (subject to Section 6.2(e) hereof), and, arising from, upon, about, or in any way connected with the Facility, the Project, or any of the transactions with respect thereto, including:

(i) the financing of the costs of the Facility or Project *[and the marketing, issuance, sale and remarketing of the Bonds]* for such purpose,

(ii) the planning, design, acquisition, site preparation, construction, renovation, equipping, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facility, or any defects (whether latent or patent) in the Facility,

(iii) the maintenance, repair, replacement, restoration, rebuilding, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility or any portion thereof,

(iv) the execution and delivery by the Indemnified Party, the Lessee or any other Person of, or performance by the Indemnified Party, the Lessee or any other Person, as the case may be, of, any of their respective obligations under, this Agreement, the Indenture or any other Security Document, or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,

(v) any injury to any Person or the personal property of any Person in or on the premises of, the Facility,

(vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including, but not limited to, failure to comply with the requirements of the City's zoning resolution and related regulations.

(vii) any damage or injury to the person or property of (A) the Lessee or (B) any other Person or their respective officers, directors, officials, partners, members, employees, attorneys, agents or representatives, or persons under the control or supervision of the Lessee, or (C) any other Person who may be in or about the premises of the Facility,

(viii) the presence, disposal, release, or threatened release of any Hazardous Materials (as hereinafter defined in Section 6.2(d) hereof) that are on, from, or affecting the Facility; any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of

Legal Requirements, including demands of government authorities, or any policies or requirements of the Agency or the Trustee, which are based upon or in any way related to such Hazardous Materials including, without limitation, reasonable attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses, or

(ix) any Claim commenced against an Indemnified Party, or other action or proceeding taken by an Indemnified Party, in any case with respect to any of the matters set forth in subparagraphs (i) through (ix) (viii) of this Section 6.2(a).

Such indemnification set forth above shall be binding upon the Lessee for any and all Claims set forth herein and shall survive the termination of this Agreement.

(b) The Lessee releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to Lessee or its affiliates for, any Claims or Liability, arising from or incurred as a result of action taken or not taken by such Indemnified Party with respect to any of the matters set forth in Section 6.2(a) hereof, including any Claims or Liability arising from or incurred as a result of the gross negligence or willful misconduct of such Indemnified Party, or at the direction of the Lessee or any other obligor under any of the Security Documents with respect to any of such matters above referred to. An Indemnified Party shall promptly notify the Lessee in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Lessee pursuant to this Section 6.2; such notice shall be given in sufficient time to allow the Lessee to defend or participate in such claim or action. However, the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Lessee under this Section 6.2 if (x) the Indemnified Party shall not have had knowledge or notice of such claim or action, or (y) the Lessee's ability to defend such claim or action shall not thereby be materially impaired. In the event, however, that (i) the Indemnified Party shall not have timely notified the Lessee of any such claim or action, (ii) the Lessee shall not have knowledge or notice of such claim or action, and (iii) the Lessee's ability to defend or participate in such claim or action is materially impaired by reason of not having received timely notice thereof from the Indemnified Party, then the Lessee's obligation to so defend and indemnify shall be qualified to the extent (and only to the extent) of such material impairment.

(c)(i) In addition to and without being limited by any other representations, warranties and covenants made by the Lessee under this Agreement, the Lessee further represents, warrants and covenants that (A) the Lessee has not used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and, (B) [except as set forth in a certain Phase I Environmental Site Assessment, dated _____, 200_, prepared by _____, a true and correct copy of which the Lessee has delivered to the Agency (the "Audit"),] to the best of the Lessee's knowledge, no prior owner or occupant of the Facility has used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements.

(ii) Without limiting the foregoing, the Lessee shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements, nor shall the Lessee cause or permit, as a result of any intentional or unintentional act or omission on the part of the Lessee or any occupant or user of the Facility, a release of Hazardous Materials onto the Facility or onto any other property.

(iii) The Lessee shall comply with, and require and enforce compliance by, all occupants and users of the Facility with all applicable Legal Requirements pertaining to Hazardous Materials, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all occupants and users of the Facility obtain and comply with, any and all approvals, registrations or permits required thereunder.

(iv) The Lessee shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facility in accordance with all applicable Legal Requirements.

(v) In the event the Agency Mortgage is foreclosed, or a deed in lieu of foreclosure is tendered, or this Agreement is terminated, the Lessee shall deliver the Facility so that the conditions of the Facility with respect to any and all Hazardous Materials shall conform with all applicable Legal Requirements affecting the Facility.

(vi) The parties hereto agree that the reference in this Section 6.2(c) to the Audit is not intended, and should not be deemed to intend, to modify, qualify, reduce or diminish the Lessee's obligations to carry out and perform all of the covenants stated throughout this Section 6.2, including but not limited to, those covenants wherein the Lessee is obligated to indemnify each Indemnified Party and comply with all applicable Legal Requirements pertaining to Hazardous Materials.

(d) For purposes of this Section 6.2, the term "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 5101, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation.

(e) The indemnifications and protections set forth in this Section 6.2 shall be extended, with respect to each Indemnified Party, to its members, directors, officers, employees, agents and servants and persons under its control or supervision. For the purposes of this Section 6.2, the Lessee shall not be deemed an employee, agent or servant of the Agency or a person under the Agency's control or supervision.

(f) To effectuate the purposes of this Section 6.2, the Lessee will provide for and insure, in the public liability policies required in Section 4.5 hereof, not only its own liability in respect of the matters therein mentioned but also the liability pursuant to this Section 6.2 (excluding, however, those obligations of the Lessee (1) requiring payment of taxes, (2) with respect to the financing of the Project, (3) under the Project documents, and (4) under Section 6.2(c) hereof to the extent not available to the Lessee at commercially reasonable rates). Anything to the contrary in this Agreement notwithstanding, the covenants of the Lessee contained in this Section 6.2 shall remain in full force and effect after the termination of this Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

(g) The provisions of this Section 6.2 shall be in addition to any and all other obligations and liabilities that the Lessee may have to any Indemnified Party in any other agreement or at common law, and shall survive the termination of this Agreement.

Exhibit B

ACORD Form Insurance Certificates for IDA Bond/Straight Lease Transactions

Exhibit C

Broker's Certificate of Coverage

[LETTERHEAD OF INSURANCE ADVISOR]

[date]

New York City Industrial Development Agency
110 William Street
New York, New York 10038
Attention: Compliance Department

Re: [Name of Project] (the "Project")

Dear _____:

As the independent insurance advisor for the Project, we have reviewed the insurance provisions of Sections 4.5 and 6.2 of the Lease Agreement dated as of _____, 2003 between your agency as Lessor and _____ (the "Company") as Lessee, quoted in Appendix A hereto (the "Insurance Requirements"), the certificates of insurance attached hereto as Appendix B (the "Certificates of Insurance") and the insurance policies (the "Insurance Policies") that have been obtained by Company pursuant to such Insurance Requirements.

Based on our review of these materials, we confirm that:

- 1- The Insurance Policies and the Certificates of Insurance obtained by the Company satisfy the Insurance Requirements; and
- 2- The Insurance Requirements constitute reasonable and customary insurance for a project of this type.

Sincerely,

Name:
Title:
Date:

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

RETAIL QUESTIONNAIRE

- A. Will any portion of the Project consist of facilities or property that are or will be primarily used in making retail sales of goods to customers who personally visit the Project?
YES NO
- B. If the answer to question A is yes, will the applicant or any other project occupant be a registered vendor under Article 28 of the Tax Law of the State of New York (the "Tax Law") primarily engaged in the "retail sale of tangible personal property" (as defined in Section 1101(b)(4)(i) of the Tax Law)?
YES NO
- C. Will any portion of the Project consist of facilities or property that are or will be primarily used in making retail sales of services to customers who personally visit the Project?
YES NO
- D. If the answer to question A or question C is yes, what percentage of the cost of the Project will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project?
%
- E. If the answer to question A or question C is yes, and the answer to question D is more than 33.33%, indicate whether any of the following apply to the Project:
- (1) Will the Project be operated by a not-for-profit corporation?
YES NO
 - (2) Is the Project likely to attract a significant number of visitors from outside the economic development region in which the Project will be located?
YES NO
 - (3) Would the project occupant, but for the contemplated financial assistance from the IDA, locate the related jobs outside the State of New York?
YES NO
 - (4) Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonably accessible to New York City residents, because of a lack of reasonably accessible retail trade facilities offering such goods or services?
YES NO
 - (5) Will the Project be located in one of the following: (a) an area designed as an economic development zone pursuant to Article 18-B of the General Municipal Law; or (b) a census tract or block numbering area (or census tract or block numbering area contiguous thereto) that, according to the most recent census data, has (i) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of households receiving public assistance, and (ii) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates?
YES NO

- F. If the answers to any of subdivisions (3) through (5) of question E is yes, will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York?
If yes, please furnish details in a separate attachment.
- G. If the answer to any of subdivisions (1) through (5) of question E is yes, please furnish details in a separate attachment.

Signature: Asher Michaeli

Name: Asher Michaeli

Title: Vice President

Date: 9-9-03

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

ANTI-RAIDING QUESTIONNAIRE

PLEASE NOTE: For purposes of this Questionnaire, "Project" means the proposed expenditures and activities, and the proposed plant and facilities, in connection with all of which Applicant is applying to the New York City Industrial Development Agency for financial assistance.

- A. Will the completion of the Project result in the removal of a plant or facility of Applicant, or of a proposed occupant of the Project, from an area in New York State (but outside of New York City) to an area within New York City?

YES NO

If the answer to "A" is "YES," please provide the following information:

Address of the to-be-removed plant or facility:

Names of all current occupants of the to-be-removed plant or facility:

- B. Will the completion of the Project result in the abandonment of one or more plants or facilities of the Applicant, or of any proposed occupant of the Project, located in an area of New York State other than New York City?

YES NO

If the answer to "B" is "YES," please provide the following information:

Addresses of the to-be-abandoned plants or facilities:

Names of all current occupants of the to-be-abandoned plants or facilities:

- C. Will the completion of the Project in any way cause the removal and/or abandonment of plants and facilities anywhere in New York State (but outside of New York City)?

YES NO

If the answer to "C" is "YES," please provide all information relevant to such future removal and/or abandonment.

IF THE ANSWER TO EITHER "A," "B" OR "C" IS "YES," PLEASE CONTINUE AND ANSWER "D" AND "E."

- D. Is the Project reasonably necessary to preserve the competitive position of this Applicant, or of any proposed occupant of the Project, in its industry?

YES NO

- E. Is the Project reasonably necessary to discourage the Applicant, or any proposed occupant of the Project, from removing such plant or facility to a location outside New York State?

YES NO

IF THE ANSWER TO "D" AND/OR "E" IS "YES," PLEASE PROVIDE ON A SEPARATE SHEET OF PAPER A DETAILED STATEMENT EXPLAINING SAME.

THE UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above, and in any statement attached hereto, are true and correct.

Signature: Asher Michaeli
Name: Asher Michaeli
Title: Vice President
Date: 9-9-03

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
QUESTIONNAIRE CONCERNING EMPLOYMENT PRACTICES AND
OTHER LABOR MATTERS

1. **Provide names as applicable:**

Real Estate Holding Entity:	to be formed
Operating Entity:	Novelty Crystal Corp.
Not-for-Profit Corporation:	none
Affiliates of any of the above:	Pro Court, Inc., Crystal Lake Executive Corp., NCC Molds, Inc., NCC Medical

The entities whose names are provided above shall hereinafter be referred to as the "Companies" or individually as a "Company". If any of the following questions applies to none of these Companies, answer "NONE"; but, for any question that does apply, be sure to specify to which of the Companies the answer is relevant. When the space provided for an answer is insufficient, provide the answer on a separate sheet of paper and annex that paper to this Questionnaire.

2. **List all of the labor union contracts and collective bargaining arrangements to which any of the Companies is currently a party:**

Labor contract with Local 210 IBT

3. **Briefly describe "labor unrest" situations, including all pending or threatened labor strikes, hand billing, consumer boycotts, mass demonstrations, or other similar incidents experienced by any of the Companies during the current fiscal year and the five fiscal years preceding the current fiscal year:**

There have been no labor issues or consumer issues in the specified period.

4. **List and briefly describe the current status of all federal and/or state unfair labor practices complaints asserted during the current fiscal year and the three fiscal years preceding the current fiscal year, involving any of the Companies.**

There have been no unfair labor practices complaints against the company

5. **Briefly describe pending or threatened requests for arbitration, grievance proceedings, labor disputes, strikes, or disturbances affecting any of the Companies during the current fiscal year and the three fiscal years preceding the current fiscal year.**

There are no pending or threatened requests for arbitration, grievance proceedings, labor disputes, strikes or disturbances affecting any of the Companies for the specified period

6. **Are all employees of the Companies permitted to work in the USA? What steps do the Companies take as a matter of course to ascertain their employees' employment status? Do the Companies complete and retain all required documentation related to this inquiry, such as Employment Eligibility Verification (I-9) forms?**

All employees of the company are eligible to work in the USA. The Company requires proof of employment status from each new employee, and maintains copies of all documentation presented to the company at time of hire to establish employment eligibility.

7. **Has the United States Department of Labor, the New York State Department of Labor, the New York City Office of the Comptroller, or any other local, state or Federal department, agency or commission having regulatory or oversight responsibility with respect to workers and/or their working conditions and/or their wages, inspected the premises of any Company or audited the payroll records of any Company during the current fiscal year or during the three fiscal years preceding the current one?**

Yes No

If the answer to this question is "yes", briefly describe the nature of the inspection, the inspecting governmental entity and when the inspection occurred. Briefly describe the outcome of the inspection, including any reports that may have been issued and any fines or remedial or other requirements imposed upon the Company or Companies as a consequence.

n/a

8. **Has any Company incurred, or potentially incurred, any liability (including withdrawal liability) with respect to an employee benefit plan, including a pension plan? If the answer to this question is "yes", quantify the liability and briefly describe its nature and refer to any governmental entities that have had regulatory contact with the Company in connection with the liability.**

no

9. **Are the practices of any Company now, or have they been at any time during the three fiscal years preceding the current fiscal year, the subject of any complaints, claims, proceedings or litigation arising from alleged discrimination in the hiring, firing, promoting, compensating or general treatment of employees? If the answer to this is "yes", provide details. When answering this question, please consider "discrimination" to include sexual harassment.**

no

SIGNATURE:

Asher Michael

PRINTED NAME:

Asher Michael

TITLE:

Vice President

NAME OF APPLICANT:

Novelty Crystal Corp

EIN NO. OF APPLICANT:

11-1996863

DATE:

9-9-03

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

PUBLIC HEARING QUESTIONNAIRE

State and Federal laws require that the New York City Industrial Development Agency ("IDA") hold public hearings, prior to the approval of projects, at which time State Law additionally requires that Core Applications and cost-benefit analyses of proposed projects be available for public review. The IDA understands that certain information in your Core Application may be sensitive, and that you may desire confidentiality for such information. While the IDA retains discretionary control over how much information is made available at the public hearing, we would like you to indicate below any application information that is of particular concern to you. Your cooperation will assist the IDA in maintaining confidentiality while complying with its public hearing responsibilities.

Please list the question number(s) in core application that contain sensitive information to the applicant.
10 & 11

Briefly explain why the above information is sensitive to the applicant.
Issues of confidentiality pertaining to home address of officers of the Company, and information pertaining to our customers and the relative value of their business to the Company.

Applicant: Novelty Crystals/Corp
Signature: Asher Michaeli
Name: Asher Michaeli
Title: Vice President
Date: 9-9-03