

**NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY**  
**HURRICANE EMERGENCY SALES TAX EXEMPTION PROGRAM (HESTEP)**  
**AGENCY AND LEASE AGREEMENT**

This **AGENCY AND LEASE AGREEMENT** (the "Agreement"), made and entered into January, 11, 2013, by and between **NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY** (the "Agency"), 110 William Street, New York, New York 10038 and **EDWIN COSME D/B/A COSME'S ELECTRONICS** (the "Lessee"), an entity or person listed as the Applicant or Operating Company and having the address set forth in the Hurricane Emergency Sales Tax Exemption (HESTEP) Application attached hereto as Exhibit A.

**WITNESSETH:**

**WHEREAS**, pursuant to a resolution adopted by the Agency on November 13, 2012, in order to assist businesses adversely affected by Hurricane Sandy, the Agency will provide sales tax exemption benefits to the Lessee to assist with the repair, rehabilitation and replacement of facilities and equipment of the Lessee damaged by such hurricane;

**NOW, THEREFORE**, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

1. **Definitions**. The following terms shall have the respective meanings in this Agreement:

**Applicant** means the Applicant that is described in the Project Application. The Applicant is the same person or entity as the Lessee.

**City** shall mean The City of New York, New York.

**Commencement Date** shall mean the date of this Agreement first set forth above, on which date this Agreement was executed and delivered.

**Completion Date** shall mean the date of completion of the Project.

**Event of Default** shall have the meaning specified in Section 8(a).

**Expiration Date** shall mean the first anniversary of the Commencement Date.

**Facility Personalty** shall mean those items of machinery, equipment, other items of personalty and building materials to be acquired by the Lessee on behalf of the Agency pursuant to the Sales Tax Letter as part of the Project for installation and use by the Lessee at the Facility Realty.

**Facility Realty** shall mean, collectively, the Land and the Improvements.

**Form ST-340** shall mean NYSDTF Form ST-340 "Annual Report of Sales and Use Tax Exemptions Claimed by Project Operator of Industrial Development Agency/Authority"

or such additional or substitute form as is adopted by NYSDTF to report Sales Tax Savings.

**Form ST-60** shall mean NYSDTF Form ST-60 “IDA Appointment of Project Operator or Agent” or such additional or substitute form as is adopted by NYSDTF to report the Agency’s appointment of project operators or agents.

**Hazardous Materials** shall include 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.

**Improvements** shall mean the real property improvements located on the Land.

**Indemnified Parties** shall have the meaning set forth in Section 7(a).

**Land** shall mean that certain lot, piece or parcel of land identified in the “Project Location Detail” section of the Project Application.

**Legal Requirements** shall mean the Constitutions of the United States and the State and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements.

**Lessee** shall mean the entity or person so identified in the preamble to this Agreement.

**Maximum Sales Tax Savings Amount** shall mean the maximum dollar amount of Sales Tax Savings that the Lessee is permitted to receive under the Sales Tax Letter and this Agreement, which shall equal \$5,000.

**NYSDTF** shall mean the State Department of Taxation and Finance.

**Project** shall mean the acquisition and/or leasing of the Facility Personalty and related installation, repair and service contracts to the extent authorized by the Sales Tax Letter required to complete the reconstruction, renovation, repair, equipping and/or furnishing of facilities located at the Facility Realty as described in the Project Application.

**Project Application** shall mean the application submitted to the Agency by or on behalf of the Lessee, for approval by the Agency of the Project, a copy of which application is attached as Exhibit A.

**Project Completion Certificate** shall mean a certificate of a duly authorized representative of the Lessee in substantially the form set forth in Exhibit B – “Form of Project Completion Certificate.”

**Project Documents** shall mean this Agreement, the Project Application and the

Sales Tax Letter.

**Sales Taxes** shall mean City and State sales and/or compensating use taxes imposed pursuant to Sections 1105, 1107, 1109 and 1110 of the New York State Tax Law, as each of the same may be amended from time to time (including any successor provisions to such statutory sections).

**Sales Tax Letter** shall mean the Letter of Authorization for Sales Tax Exemption, substantially in the form set forth in Exhibit C– “Form of Letter of Authorization for Sales Tax Exemption” and to be delivered pursuant to Section 5 on the Commencement Date.

**Sales Tax Registry** shall mean the Sales Tax Registry in the form set forth in Exhibit D.

**Sales Tax Savings** shall mean all exemptions from Sales Taxes realized by or for the benefit of the Lessee pursuant to this Agreement and/or the Sales Tax Letter.

**State** shall mean the State of New York.

**Termination Date** shall mean the earliest of (i) the Expiration Date, (ii) the Completion Date, (iii) the termination of this Agreement, (iv) the receipt by the Lessee of the Maximum Sales Tax Savings Amount or (v) notice from the Agency to the Lessee of the termination of the Sales Tax Letter.

## 2. REPRESENTATIONS AND WARRANTIES

The Lessee makes the following representations and warranties:

(a) The Lessee is an individual or an entity of the type, and duly organized under the laws of the state set forth in the preamble to this Agreement, is validly existing and in good standing under the laws of its state of organization, is duly qualified to do business and in good standing under the laws of the State, has the requisite power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it, he or she is or shall be a party.

(b) The Project Documents (x) have been duly authorized by all necessary action on the part of the Lessee, (y) have been duly executed and delivered by the Lessee, and (z) constitute the legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with their respective terms.

(c) The Lessee is in compliance, and will continue to comply, with all applicable Legal Requirements relating to the Project.

(d) The Lessee has not used Hazardous Materials on, from, or affecting the Facility Realty 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 to the best of the Lessee’s knowledge, no prior owner or occupant of the Facility Realty has used Hazardous Materials on, from, or affecting the Facility Realty in any manner that violates any applicable Legal Requirements.

(e) The information submitted by the Lessee in and accompanying its Project Application was true, correct and complete as of the date submitted to the Agency and no event has occurred or failed to occur since such date of submission which would cause any of such information to include any untrue statement of a material fact or omit to state any material fact required to be stated therein to make such statements not misleading as of the date of this Agreement.

### **3. THE PROJECT**

(a) **Appointment as Agent.**

The Agency hereby appoints the Lessee its true and lawful agent, and the Lessee hereby accepts such agency for purposes of undertaking the Project, with the same powers and with the same validity and effect as the Agency could do if acting in its own behalf, including: effecting the Project; making, executing, acknowledging and delivering any contracts, orders, receipts, writings and instructions with any other persons or entities (subject in each case to the requirements of this Agreement), and in general doing all things which may be requisite or proper, all for the purposes of undertaking the Project, and the Lessee agrees to pay, all fees, costs and expenses incurred with respect to the Project from its own funds or borrowed funds made available therefor by the Lessee.

(b) **Manner of Project Completion.**

The Lessee shall (i) commence acquisition, renovation, repair and installation of Facility Personalty at the Facility Realty (such commencement shall include applying for any necessary permits required to proceed with the Project) within six (6) months of the date that the Applicant signed the Project Application submitted to the Agency; (ii) notify the Agency if it has not commenced the Project work within such time frame, and (iii) complete the Project in accordance with all Legal Requirements by the Expiration Date, in a first class workmanlike manner, free of defects in materials and workmanship.

(c) **Maintenance.**

During the term of this Agreement, the Lessee shall be solely responsible for (i) the maintenance and condition of the Facility Realty and Facility Personalty and (ii) making or causing to be made all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure that the Facility Personalty and the operations of the Lessee at the Facility Realty shall not be materially impaired or diminished in any way.

The Agency shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility Personalty or Facility Realty, or any part thereof, to effect the replacement of any inadequate, obsolete, worn out or unsuitable parts of the Facility Personalty or Facility Realty, or to furnish any utilities or services for the Facility Personalty or Facility Realty, and the Lessee hereby assumes full responsibility therefor.

### **4. LEASE OF FACILITY PERSONALTY AND RENTAL PROVISIONS**

(a) **Lease of the Facility Personalty.**

The Agency hereby leases the Facility Personalty to the Lessee, and the Lessee hereby leases the Facility Personalty from the Agency, for and during the term herein and subject to the terms and conditions herein set forth.

(b) **Transfer of Facility Personalty to Lessee.**

All of the Agency's right, title and interest in Facility Personalty shall be automatically conveyed to the Lessee immediately, without the need for execution of further documentation, upon the earlier of: (i) with respect to any specific item of Facility Personalty, the permanent installation of such item of Facility Personalty as a real property improvement to the Facility Realty and (ii) the Termination Date.

All of the Agency's right, title and interest in the service, maintenance or installation contracts entered into by the Lessee as agent for the Agency in connection with the Project shall be automatically conveyed to the Lessee immediately, without the need for execution of further documentation, upon the earlier of: (i) with respect any such service, maintenance or installation contract that relates to a specific item of Facility Personalty, the permanent installation of such item of Facility Personalty as a real property improvement to the Facility Realty and (ii) the Termination Date.

To the extent that the Agency does not have an interest in any Facility Personalty or related installation, maintenance and service contracts hereunder, this Agreement shall continue in full force and effect as a contractual agency agreement between the Agency and the Lessee until the Termination Date.

On the Termination Date, all of the estate, right, title and interest herein granted or vested in the Lessee shall cease and terminate, and all of the Agency's right, title and interest in the Facility Personalty and related installation, maintenance and service contracts shall be conveyed to the Lessee, without the need for execution of further documentation, immediately upon such termination.

The provisions of this Section 4(b) shall survive the termination or expiration of this Agreement.

(c) **Duration of Term.** The term of this Agreement shall commence on the Commencement Date and shall expire at 11:58 p.m. (New York City time) on the Termination Date.

(d) **Rental and Payment Provisions.**

The Lessee shall pay rent to the Agency, without demand or notice, on the Commencement Date in the amount of \$1.00 (receipt of which is acknowledged by the Agency), which shall constitute the entire amount of rent payable hereunder.

Throughout the term of this Agreement, the Lessee shall pay to the Agency any additional amounts required to be paid by the Lessee to or for the account of the Agency hereunder.

In the event the Lessee should fail to make or cause to be made any payment of rent or any additional amounts required to be paid by the Lessee to or for the account of the

Agency hereunder, pursuant to this Section 4(d), the amount not so paid shall continue as an obligation of the Lessee until the amount not so paid has been paid in full, together with interest thereon from the date due at the applicable interest rate stated in this Agreement where so provided, or if not so provided, at twelve percent (12%) per annum, compounded daily.

(e) **No Warranty of Condition or Suitability.** THE AGENCY HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY PERSONALTY, ITS FITNESS FOR ANY PARTICULAR PURPOSE OR THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY PERSONALTY. THE AGENCY SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE LESSEE OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY PERSONALTY OR THE USE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR MAINTENANCE THEREOF.

## 5. SALES TAX EXEMPTION REQUIREMENTS

(a) **Scope of Sales Tax Exemption.** On the Commencement Date, the Agency shall make the Sales Tax Letter available to the Lessee in substantially the form of Exhibit C – “Form of Letter of Authorization for Sales Tax Exemption”. Subject to the terms of this Agreement, it is intended that the aggregate scope of the exemption from Sales Taxes pursuant to this Agreement and the Sales Tax Letter shall be limited in both duration and amount as follows:

- (i) The Sales Tax Letter shall be dated the Commencement Date and shall be effective for a term commencing on its date and expiring in accordance with its terms.
- (ii) The authorizations set forth in the Sales Tax Letter shall automatically be suspended upon notice to the Lessee that the Lessee shall be in default under this Agreement until such default is cured to the satisfaction of the Agency.
- (iii) The exemption from Sales Tax to be provided pursuant to the Sales Tax Letter shall be subject to all of the terms, conditions and provisions of the Sales Tax Letter and this Agreement.
- (iv) Any exemption from Sales Taxes resulting from or occasioned by the Agency’s involvement with the Project shall be limited to the items described on Annex A to the Sales Tax Letter.
- (v) The Sales Tax Letter shall not be used to benefit any person or entity, including any tenant or subtenant located at the Facility Realty, other than the Lessee and its Principals (as such term is defined in the Project Application), without the prior written consent of the Agency.
- (vi) **The Sales Tax Savings realized pursuant to the Sales Tax Letter shall not exceed the Maximum Sales Tax Savings Amount.**

(b) **Sales Tax Exemption Procedures.** The Lessee shall include language which is substantially in the form of paragraph 5 of the Sales Tax Letter (through an attached rider or otherwise) in and as part of each contract, agreement, invoice, bill or purchase order entered into by the Lessee as agent for the Agency in connection with the Project. The Agency makes no representation to the Lessee or any third party that any Sales Tax Savings is available under the Sales Tax Letter.

(c) **Repayment for Misuse of Sales Tax Letter.** In the event that the Lessee shall utilize the Sales Tax exemption authorization provided pursuant to the Sales Tax Letter in violation thereof or this Agreement, the Lessee shall promptly deliver notice of same to the Agency, and the Lessee shall, upon demand by the Agency, pay to or at the direction of the Agency a return of Sales Tax exemptions in an amount equal to all such unauthorized Sales Tax exemptions together with interest at the rate of twelve percent (12%) per annum compounded daily from the date and with respect to the dollar amount for which each such unauthorized Sales Tax exemption was availed of by the Lessee (less any amount of interest and penalties paid to the State). The Lessee acknowledges and agrees that the use of the Sales Tax Letter to obtain Sales Tax Savings in excess of the Maximum Sales Tax Savings Amount is a violation of this Agreement and the Sales Tax Letter.

(d) **Inspection and Audit of Records.** Upon request by the Agency with reasonable notice to the Lessee, the Lessee shall make available at reasonable times to the Agency all such books, records, contracts, agreements, invoices, bills or purchase orders of the Lessee, and require all appropriate officers and employees of the Lessee to respond to reasonable inquiries by the Agency, as shall be necessary (i) to indicate in reasonable detail those costs for which the Lessee shall have utilized the Sales Tax Letter and the dates and amounts so utilized, and (ii) to permit the Agency to determine amounts owed, if any, by the Lessee under this Section 5.

(e) **Form ST-60 Filing Requirement.** If the Lessee needs to provide copies of the Sales Tax Letter to contractors to complete the Project, the Agency must file a completed Form ST-60 within thirty (30) days of the appointment of such person or entity as an agent of the Agency. The Lessee shall observe and comply with the terms and conditions of the Sales Tax Letter including, without limitation, Annex B to the Sales Tax Letter.

(f) **Form ST-340 Filing Requirement.** If and for so long as the same shall be required by law, the Lessee shall annually (currently, by each February 28 with respect to the prior calendar year) file a Form ST-340 with NYSDTF, in a manner and consistent with such regulations as is or may be prescribed by the Commissioner of NYSDTF, of the value of all Sales Tax Savings claimed by the Lessee or agents of the Lessee in connection with the Project, including contractors or subcontractors of such agents. Should the Lessee fail to comply with the foregoing requirement, the Lessee shall immediately cease to be the agent for the Agency in connection with the Project without any further action of the Agency and shall immediately and without demand return to the Agency the Sales Tax Letter for termination.

(g) **Sales Tax Registry Filing Requirement.** No later than August 1, 2013, the Lessee shall file with the Agency a completed Sales Tax Registry which accounts for all Sales Tax Savings realized by the Lessee during the period from the Commencement Date to June 30, 2013), unless the Termination Date occurred prior to June 30, 2013. Within ten (10) days after the Termination Date, the Lessee shall file with the Agency a completed Sales Tax Registry which accounts for all Sales Tax Savings realized by the Lessee during (a) the period from July

1, 2013 to the Termination Date, or (b) if the Termination Date occurred before July 1, 2013, the period from the Commencement Date to the Termination Date.

## 6. INSURANCE.

(a) **Required Insurance.** Throughout the term of this Agreement, the Lessee shall obtain and maintain for itself as a primary insured the following insurance:

- (i) Commercial General Liability (“CGL”) with \$1,000,000 minimum per occurrence and \$2,000,000 minimum in the aggregate, per-location aggregate, and on a per occurrence basis. This policy shall contain coverage for contractual liability, premises operations, and products and completed operations.
- (ii) Workers’ Compensation, disability and employer liability insurance satisfying State statutory limits. Coverage for employer liability shall be in respect of any work or operations in, on or about the Facility Realty.

(b) **Required Policy Attributes.** The Lessee shall cause the CGL Policy to:

- (i) name the Agency as an additional insured on a primary and non-contributory basis as more particularly required in Section 6(a);
- (ii) be written on ISO Form CG-0001, or on such other equivalent form as same may be reasonably acceptable to the Agency but only if the substitute form being proposed as equivalent is provided to the Agency sixty (60) days prior to the intended effective date;
- (iii) not limit (whether by exception, exclusion, endorsement, script or other modification) any of the following coverage attributes: (x) contractual liability coverage insuring the contractual obligations of the insureds; (y) the right of the insureds to name additional insureds including the Agency; (z) the applicability of CGL coverage to the Agency as an additional insured in respect of liability arising out of any of the following claims: (A) claims against the Agency by employees of an insured, or (B) claims against the Agency by any contractor, architect or engineer or by the employees of any of the foregoing, or (C) claims against the Agency arising out of any work performed by a contractor, architect or engineer;
- (iv) provide primary insurance and the issuing insurer shall not have a right of contribution from any other insurance policy insuring the Agency;
- (v) to include a waiver by the insurer, as against any person or entity insured under such Policy including any additional insured, the following: (x) any right of subrogation, (y) any right to set-off or counterclaim against liability incurred by a primary insured or any additional insured, and (z) any other deduction, whether by attachment or otherwise, in respect of any liability incurred by any primary insured or additional insured; and
- (vi) the Agency shall not be liable for any insurance premium, commission or



assessment under or in connection with the CGL policy.

(c) **Required Insurer Attributes.** The CGL policy must be issued by an insurer satisfying the following requirements:

- (i) the insurer must have a minimum AM Best rating of A minus; and
- (ii) the insurer must be an authorized insurer in accordance with Section 107(a) of the New York State Insurance Law.

(d) **Required Evidence of Compliance.** The Lessee shall deliver or cause to be delivered, throughout the term of this Agreement, upon the Agency's request, evidence of all policies required hereunder as set forth in this Section 6.

(e) **CGL Policy.** The Lessee shall deliver to the Agency an Acord Certificate for the CGL policy required by Section 6(a). Such Acord Certificate shall name the Agency as an additional insured in the following manner:

*New York City Industrial Development Agency is an additional insured on a primary and non-contributory basis. The CGL policy is written on ISO Form CG-0001 without modification to the contractual liability or waiver-of-subrogation provisions therein.*

(f) **Required Notices.** The Lessee shall immediately give the Agency notice of each occurrence that is reasonably probable to give rise to a claim under the insurance required to be maintained by Section 6(a). The Lessee shall in writing immediately notify the Agency of the cancellation of any Policy.

THE AGENCY DOES NOT REPRESENT THAT THE INSURANCE REQUIRED IN SECTION 6(a), WHETHER AS TO SCOPE OR COVERAGE OR LIMIT, IS ADEQUATE OR SUFFICIENT TO PROTECT THE INSUREDS AND THEIR OPERATIONS AGAINST CLAIMS AND LIABILITY.

## 7. COVENANTS OF LESSEE.

### (a) **Indemnity.**

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 or affiliated individuals or entities) thereof and persons under the Agency's control or supervision (collectively, the "**Indemnified Parties**" and each an "**Indemnified Party**") 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, including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation 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 on the Commencement Date, and continuing throughout the term of this Agreement, arising upon,

about, or in any way connected with the Facility Realty, the Facility Personalty, the Project, the use of the Sales Tax Letter or any of the transactions with respect thereto.

The Lessee releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable to the Lessee for any Claim 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 this Section 7(a) including any Claim or Liability arising from or incurred as a result of the negligence or willful misconduct of such Indemnified Party, or at the direction of the Lessee 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 7(a); such notice shall be given in sufficient time to allow the Lessee to defend or participate in such claim or action, but 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 7(a).

Anything to the contrary in this Agreement notwithstanding, the covenants of the Lessee contained in this Section 7(a) 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 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.

(b) **Employment Matters.**

Except as is otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of the Project shall be listed with the New York State Department of Labor Community Services Division, and with the administrative entity of the service delivery area created by the Workforce Investment Act of 1998 (29 U.S.C. §2801) in which the Facility Realty is located. Except as is otherwise provided by collective bargaining contracts or agreements, the Lessee agrees, where practicable, to consider first, persons eligible to participate in the Workforce Investment Act of 1998 (29 U.S.C. §2801) programs who shall be referred by administrative entities of service delivery areas created pursuant to such Act or by the Community Services Division of the New York State Department of Labor for such new employment opportunities.

Upon the request of the Agency, the Lessee shall cooperate with the Agency in the development of programs for the employment and/or training of members of minority groups in connection with performing work at the Facility Realty.

Nothing in this Section shall be construed to require the Lessee to violate any existing collective bargaining agreement with respect to hiring new employees.

(c) **Non-Discrimination.**

The Lessee shall not discriminate against any employee or applicant for employment because of race, color, creed, age, sex or national origin. The Lessee shall use its

best efforts to ensure that employees and applicants for employment with any subtenant of the Facility Realty are treated without regard to their race, color, creed, age, sex or national origin. As used herein, the term "treated" shall mean and include the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated. The Lessee shall, in all solicitations or advertisements for employees placed by or on behalf of the Lessee state that all qualified applicants will be considered for employment without regard to race, color, creed or national origin, age or sex. The Lessee shall furnish to the Agency all information required by the Agency pursuant to this Section and will cooperate with the Agency for the purposes of investigation to ascertain compliance with this Section.

(d) **No Assignment.**

The Lessee shall not at any time mortgage, pledge, assign or transfer this Agreement.

(e) **Automatically Deliverable Documents.**

- (i) The Lessee shall immediately notify the Agency of the occurrence of any Event of Default, or any event that with notice and/or lapse of time would constitute an Event of Default under this Agreement. Any notice required to be given pursuant to this subsection shall be signed by a duly authorized representative of the Lessee and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, the Lessee shall state this fact on the notice.
- (ii) The Lessee shall deliver all insurance-related documents required by Section 6.
- (iii) Prior to the appointment of an agent in connection with the use of the Sales Tax Letter as provided in Section 5(e), the Lessee shall submit Form ST-60 electronically to the Agency as provided therein.
- (iv) By February 28<sup>th</sup> of each year (for each year in which the filing of Form ST-340 is required by law), the Lessee shall furnish a copy of the executed Form ST-340 to the Agency at the time of filing of such form with NYSDTF.
- (v) No later than August 1, 2013, the Lessee shall file with the Agency a completed Sales Tax Registry which accounts for all Sales Tax Savings realized by the Lessee during the period from the Commencement Date to June 30, 2013).
- (vi) Within 10 days after the Termination Date, the Lessee shall (x) file with the Agency a completed Sales Tax Registry which accounts for all Sales Tax Savings realized by the Lessee during the period from July 1, 2013 to the Termination Date; and (y) deliver and surrender to the Agency the original of the Sales Tax Letter and all copies thereof for cancellation.

- (vii) Within ten (10) days after the Completion Date, the Lessee shall deliver to the Agency evidence of completion of the Project by delivering to the Agency the Project Completion Certificate, together with all attachments required thereunder.

The obligations set forth in this Section 7(e) shall survive the termination or expiration of this Agreement.

(f) **Requested Documents.** Upon request of the Agency, the Lessee shall deliver or cause to be delivered to the Agency within ten (10) days of the date so requested:

- (i) a certificate of the Lessee that the insurance the Lessee maintains complies with the provisions of Section 6, that such insurance has been in full force and effect at all times during the term of this Agreement, and that duplicate copies of all policies or certificates thereof have been filed with the Agency and are in full force and effect and the evidence required by Section 6;
- (ii) copies of any (a) bills, invoices or other evidences of cost as shall have been incurred in connection with the Project, and (b) permits, authorizations and licenses from appropriate authorities relative to the occupancy, operation and use of the Facility Realty and Facility Personalty;
- (iii) upon twenty (20) days prior request by the Agency, a certificate of the Lessee either stating that to the knowledge of the Lessee after due inquiry there is no default under or breach of any of the terms hereof that, with the passage of time or the giving of notice or both, would constitute an Event of Default hereunder, exists or specifying each such default or breach of which the Lessee has knowledge;
- (iv) employment information requested by the Agency pursuant to Section 7(b); and
- (v) information regarding non-discrimination requested by the Agency pursuant to Section 7(c).

(g) **Taxes, Assessments and Charges.** The Lessee shall pay when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against the Facility Realty, this Agreement, any ownership estate or interest of the Lessee in the Facility Realty during the term of this Agreement, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility Realty. The Lessee acknowledges and agrees that the Facility Realty is not exempt from such impositions due to the Agency's ownership of, or interest in, the Facility Personalty.

(h) **Compliance with Legal Requirements.** Throughout the term of this Agreement

and at its sole cost and expense, the Lessee shall promptly observe and comply with all applicable Legal Requirements applicable to the Project, the Facility Personalty and the Facility Realty.

(i) **Restrictions on Dissolution and Merger.** The Lessee covenants and agrees that at all times during the term of this Agreement, it will (i) maintain its existence as the type of entity set forth in the preamble of this Agreement, (ii) continue to be subject to service of process in the State, (iii) continue to be organized under the laws of, or qualified to do business in, the State, and (iv) not merge, consolidate, acquire, liquidate, wind-up, dissolve, transfer or otherwise dispose of to another entity or person all or substantially all of its property, business or assets remaining after the Commencement Date

(j) **Further Assurances.** The Lessee will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, at the sole cost and expense of the Lessee, as the Agency deems reasonably necessary or advisable for the implementation, effectuation, correction or confirmation of this Agreement and any rights of the Agency hereunder and under any other Project Document.

## 8. REMEDIES AND EVENTS OF DEFAULT

(a) **Events of Default.** Failure of the Lessee to observe and perform any covenant or agreement on its part to be performed under this Agreement or the Sales Tax Letter, and continuance of such failure for a period of ten (10) days after receipt by the Lessee of written notice specifying the nature of such default from the Agency shall constitute an “**Event of Default**” hereunder.

(b) **Remedies on Default.** Whenever any Event of Default referred to in Section 8(a) shall have occurred and be continuing, the Agency may take any one or more of the following remedial steps:

- (i) The Agency may terminate this Agreement (with the effect that the term of this Agreement shall be deemed to have expired on such date of termination as if such date were the original Expiration Date of this Agreement) in which case this Agreement and all of the estate, right, title and interest herein granted or vested in the Lessee shall cease and terminate, and all of the Agency’s right, title and interest in the Facility Personalty and related installation, maintenance and service contracts shall be conveyed to the Lessee, without the need for execution of further documentation, immediately upon such termination;
- (ii) The Agency may bring an action for damages, injunction or specific performance;
- (iii) The Agency may take whatever action at law or in equity as may appear necessary or desirable to enforce performance or observance of any obligations, agreements or covenants of the Lessee under this Agreement;  
or
- (iv) The Agency may suspend or terminate the Sales Tax Letter or require the

Lessee to surrender the Sales Tax Letter to the Agency for cancellation.

No action taken pursuant to this Section 8(b) (including termination of this Agreement pursuant to this Section 8(b) or by operation of law or otherwise) shall, except as expressly provided herein, relieve the Lessee from the Lessee's obligations hereunder.

(c) **Remedies Cumulative.** The rights and remedies of the Agency under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Agency allowed by law with respect to any default under this Agreement or the Sales Tax Letter.

(d) **No Additional Waiver Implied by One Waiver.** In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(e) **Effect on Discontinuance of Proceedings.** In case any proceeding taken by the Agency under this Agreement or under any other Project Document on account of any Event of Default hereunder or thereunder shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Agency, then, and in every such case, the Agency shall be restored to its former position and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Agency shall continue as in effect prior to the commencement of such proceedings.

(f) **Agreement to Pay Fees and Expenses of Attorneys and Other Consultants.** In the event the Lessee should default under any of the provisions of this Agreement or the Sales Tax Letter and the Agency should employ outside attorneys or other consultants or incur other out of pocket expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained or contained in any other Project Document, the Lessee agrees that it will on demand therefor pay to the Agency the reasonable fees and disbursements of such attorneys or other consultants and such other expenses so incurred.

## 9. MISCELLANEOUS

(a) **Amendments.** This Agreement may only be amended by a written instrument executed and delivered by the parties hereto.

(b) **Service of Process.** The Lessee represents that it is subject to service of process in the State and covenants that it will remain so subject until all obligations, covenants and agreements of the Lessee under this Agreement shall be satisfied and met. If for any reason the Lessee should cease to be so subject to service of process in the State, the Lessee hereby irrevocably consents to the service of all process, pleadings, notices or other papers in any judicial proceeding or action by designating and appointing the first person listed as a Principal of the Applicant in the Project Application, at the address of the Applicant listed in the Project Application as its agent upon whom may be served all process, pleadings, notices or other papers which may be served upon the Lessee as a result of any of its obligations under this Agreement. If such appointed agent shall cease to act or otherwise cease to be subject to service of process in the State, the Lessee hereby irrevocably designates and appoints the Secretary of State of the State of New York as its agent upon whom may be served all process, pleadings, notices or other

papers which may be served upon the Lessee as a result of any of its obligations under this Agreement; provided, however, that the service of such process, pleadings, notices or other papers shall not constitute a condition to the Lessee's obligations hereunder.

For such time as any of the obligations, covenants and agreements of the Lessee under this Agreement remain unsatisfied, the Lessee's agent(s) designated in this Section 9(b) shall accept and acknowledge on the Lessee's behalf each service of process in any such suit, action or proceeding brought in any such court. The Lessee agrees and consents that each such service of process upon such agents and written notice of such service to the Lessee in the manner set forth in this Section 9(b) shall be taken and held to be valid personal service upon the Lessee whether or not the Lessee shall then be doing, or at any time shall have done, business within the State and that each such service of process shall be of the same force and validity as if service were made upon the Lessee according to the laws governing the validity and requirements of such service in the State, and waives all claim of error by reason of any such service.

Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Lessee or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Lessee.

(c) **Notices.** All notices, certificates or other communications hereunder shall be sufficient if sent (i) by registered or certified United States mail, return receipt requested and postage prepaid, (ii) by a nationally recognized overnight delivery service for overnight delivery, charges prepaid or (iii) by hand delivery, addressed, as follows:

if to the Agency, to

New York City Industrial Development Agency  
110 William Street  
New York, New York 10038  
Attention: General Counsel (with a copy to the  
Executive Director of the Agency at the  
same address)

and

if to the Lessee, to the address provided by the Applicant in the Project Application.

The Agency and the Lessee may, by like notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice, certificate or other communication hereunder shall, except as may expressly be provided herein, be deemed to have been delivered or given (i) three (3) Business Days following posting if transmitted by mail, (ii) one (1) Business Day following sending if transmitted for overnight delivery by a nationally recognized overnight delivery service, or (iii) upon delivery if given by hand delivery, with refusal by the intended recipient party to accept delivery of a notice given as prescribed above to constitute delivery hereunder.

(d) **Consent to Jurisdiction.** The Lessee irrevocably and unconditionally (i) agrees

that any suit, action or other legal proceeding arising out of this Agreement or any other Project Document, the Facility Personalty, the Facility Realty, the Project, the relationship between the Agency and the Lessee, the Lessee's ownership, interest, use or occupancy of the Facility Personalty and the Facility Realty and/or any claim for injury or damages may be brought in the courts of record of the State in New York County or the United States District Court for the Southern District of New York; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it may have to the venue of any such suit, action or proceeding in such courts; and (iv) waives and relinquishes any rights it might otherwise have (w) to move to dismiss on grounds of forum non conveniens, (x) to remove to any federal court other than the United States District Court for the Southern District of New York, and (y) to move for a change of venue to a New York State Court outside New York County. If the Lessee commences any action against the Agency in a court other than the courts of record of the State in New York County or the United States District Court for the Southern District of New York, the Lessee shall, upon request from the Agency, either consent to a transfer of the action or proceeding to a court of record of the State in New York County or the United States District Court for the Southern District of New York, or, if the court where the action or proceeding is initially brought will not or cannot transfer the action, the Lessee shall consent to dismiss such action without prejudice and may thereafter reinstitute the action in a court of record of the State in New York County or the United States District Court for the Southern District of New York.

(e) **Prior Agreements Superseded.** This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Agency and the Lessee relating to the repair, reconstruction, equipping and furnishing of the Facility Realty other than any other Project Document and any agreements between the Agency and Lessee or its affiliates executed and delivered prior to October 29, 2012.

(f) **Severability.** If any one or more of the provisions of this Agreement shall be ruled illegal or invalid by any court of competent jurisdiction, the illegality or invalidity of such provision(s) shall not affect any of the remaining provisions hereof, but this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

(g) **Effective Date; Counterparts.** This Agreement was delivered on the Commencement Date. This Agreement shall become effective upon its delivery on the Commencement Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(h) **Binding Effect.** This Agreement shall inure to the benefit of the Agency, the Lessee and the Indemnified Parties, and shall be binding upon the Agency and the Lessee and their respective successors and assigns.

(i) **Third Party Beneficiaries.** It is the intention of the parties hereto that nothing contained herein is intended to be for, or to inure to, the benefit of any Person other than the parties hereto and the Indemnified Parties.

(j) **Law Governing.** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard or giving effect to the principles of conflicts of laws thereof.



(k) **Waiver of Trial by Jury.** The Lessee does hereby expressly waive all rights to a trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or any matters whatsoever arising out of or in any way connected with this Agreement, the Lessee's obligations hereunder, the Facility Personalty, the Facility Realty, the Project, the relationship between the Agency and the Lessee, the Lessee's ownership, use or occupancy of the Facility Personalty or the Facility Realty and/or any claim for injury or damages. The provision of this Agreement relating to waiver of a jury trial shall survive the termination or expiration of this Agreement.

(l) **Construction.** In this Agreement, unless the context otherwise requires: The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms refer to this Agreement. Words importing the singular number shall mean and include the plural number and vice versa. Words importing persons shall include firms, associations, partnerships (including limited partnerships and limited liability partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons. Any headings preceding the texts of the several Sections of this Agreement shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect. Unless the content indicates otherwise, references to designated "Exhibits", "Sections", "Subsections" and other subdivisions are to the designated Exhibits, Sections, Subsections and other subdivisions of or to this Agreement. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Any definition of or reference to any agreement, instrument or other document herein shall be construed to refer to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth therein).

(m) **Recourse Under This Agreement.** All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Agreement or the Sales Tax Letter shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency, and not of any member, director, officer, employee or agent of the Agency or any natural person executing this Agreement or the Sales Tax Letter on behalf of the Agency in such person's individual capacity, and no recourse shall be had for any reason whatsoever hereunder against any member, director, officer, employee or agent of the Agency or any natural person executing this Agreement or the Sales Tax Letter on behalf of the Agency. In addition, in the performance of the agreements of the Agency herein contained, the obligations of the Agency shall neither subject the Agency to any pecuniary or other liability nor create a debt of the State or the City.

IN WITNESS WHEREOF, by signing below each of the Agency and the Lessee has caused this Agreement to be executed by a duly authorized representative as of the year and day first above written.

**NEW YORK CITY INDUSTRIAL  
DEVELOPMENT AGENCY**

By: \_\_\_\_\_

Name: Suffray Lee

Title: Executive Director

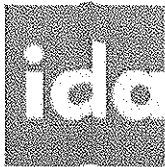


\_\_\_\_\_  
**EDWIN COSME**

**Exhibit A**

**PROJECT APPLICATION**

**(Attached)**



New York City  
Industrial Development Agency

# Hurricane Emergency Sales Tax Exemption Program (HESTEP) Application

Applicant Name: EDWIN COSME	
Name of operating company (if different from Applicant): COSME'S ELECTRONICS	
Phone Number: 917-710-1004	
Address: 1726 MERMAID AVE	
Borough/Block/Lot: BROOKLYN 7061 LOT 2	Website Address:
Located in Flood Zone A? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Has Applicant been at this location for at least one year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
EIN #: 093546482	NAICS Code:
State and date of incorporation or formation: NY	Qualified to conduct business in NY? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Nature of the business (industry, services offered, etc.): Retail Electronics Store	
Applicant is (check one of the following, as applicable):	
<input type="checkbox"/> General Partnership	<input type="checkbox"/> Limited Partnership
<input type="checkbox"/> Limited Liability Company	<input checked="" type="checkbox"/> Natural Person
<input type="checkbox"/> C Corporation	<input type="checkbox"/> Other: SOLE PROP
<input type="checkbox"/> S Corporation	

## Principals of Applicant (Note: Please include all "Principals" as such term is defined in the Certifications Section below)

Name of Principal	Title or State of Formation	Address	Voting Interest in Applicant	Ownership Interest in Applicant	Date of Birth or Formation	SS# or EIN#
EDWIN COSME	SOLE PROP	1726 MERMAID AVE	100	100	06/08/1960	093546482
			%	%		
			%	%		

## Project Location Detail

Borough/Block/Lot: BROOKLYN 7061 LOT 8	Street address and zip code: 1712 MERMAID AVE
Square footage of existing building: 4000	Square footage of land: 2000
<input checked="" type="checkbox"/> Applicant or a Principal is the fee simple owner of the Project Location	
<input type="checkbox"/> Applicant or a Principal leases the Project Location	
Intended use(s) of site (check <u>all</u> that apply):	
<input checked="" type="checkbox"/> Retail <input type="checkbox"/> Manufacturing/Industrial <input type="checkbox"/> Commercial	
Is there any improved space which is currently occupied by existing subtenant(s) (whether a Principal or otherwise)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Will any improved space be occupied by subtenant(s) (whether a Principal or otherwise)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If yes to either, please attach a separate page and provide details such as (1) name of subtenant business(es) (whether Principals or otherwise), (2) square footage of subtenant operations, (3) subtenant lease commencement and termination dates, and (4) copies of leases.	

## Applicant Contact Information

	Name/Title	Company	Address	Email	Phone
Applicant Contact Person	EDWIN COSME		1712 MERMAID AVE	<a href="mailto:EDWINCIS@OPTONLINE.NET">EDWINCIS@OPTONLINE.NET</a>	917-710-1004
Attorney					
Accountant					
Consultant/Other					

## Recovery Efforts

1. Please describe the physical damage your business sustained as a result of Hurricane Sandy. (Use a separate page if necessary.)

LOST ALL BUSINESS CONTENTS INCLUDING FURNITURE AND EQUIPMENT, FLOOR AND WALLS NEEDS TO BE TOTALLY REPLACED

2. Please describe your business's recovery efforts in the aftermath of Hurricane Sandy (e.g. reconstruction, rehabilitation, repair and/or equipment replacement).

I HAVE CLEANED OUT THE STORE

3. Using the table below, please provide an estimated budget in connection with your business recovery efforts.

Categories of Business Recovery Efforts	Estimated Cost (\$)
Reconstruction	40000
Rehabilitation or repair	
Machinery, Furnishings and/or Equipment	2000
Fees (explain):	
Other (explain)	
<b>Total Costs</b>	<b>52000</b>

## Financial History

1. Has **Applicant**, or any **Principal**, or any existing or proposed occupant at the **Project Location(s)**, obtained, or is any such person or entity in the process of obtaining, or contemplating obtaining, other assistance from the New York City Industrial Development Agency (the "Agency") and/or other **Public Entities**?

Yes  No If Yes, please provide details on an attached sheet. SBA AND SBS LOANS

2. Has **Applicant**, or any **Principal**, ever defaulted on a loan or other obligation to a **Public Entity**?

Yes  No If Yes, please provide details on an attached sheet.

3. Has **Applicant**, or any **Principal**, failed to file any required tax returns as and when required with appropriate governmental authorities?

Yes  No If Yes, please provide details on an attached sheet.

## Employment Information

The following information will be used as part of the Agency's calculation of the benefit of the project, and as a basis for the comparison with the employment information that the Applicant will be required to report on an annual basis for the term of the Agreement.

1. Number of Employees Applicant employed throughout New York City as of the last pay period:

Part-time (working between 17.5 and 35 hours per week):  Full-time (working 35 or more hours per week):  0

2. If Applicant currently occupies and operates at the Project Location, how many Full- and Part-time Employees are employed at Project Location? Part-time (working between 17.5 and 35 hours per week):  Full-time (working 35 or more hours per week):  0

## Wage Information

The questions in this section apply only to **Permanent Employees** employed or to be employed at the Project Location, and this information should **not include** compensation paid to Principals. Please note this information is required to be provided to the Agency on an annual basis.

1. What is the current average annual compensation per employee at the Project Location? Part-time: \_\_\_\_\_ Full-time: \_\_\_\_\_

2. Generally describe all other forms of compensation and benefits that Permanent Employees will receive. Examples: healthcare, employer-contributions for retirement plans, on-the-job training, reimbursement for educational expenses, etc.

## Labor

If none of the following questions apply to the Applicant or any Principal which is an entity, answer "NO"; but, for any question that does apply, be sure to specify to which of the Applicant or Principal the answer is relevant.

1. Has the Applicant or any of its Principals during the current calendar year or any of the five preceding calendar years experienced labor unrest situations, or received federal and/or state unfair labor practices complaints, or any other complaints alleging discrimination in the general treatment of employees?  
 Yes  No If Yes, please explain on an attached sheet
2. Are all employees of the Applicant and each of its Principals permitted to work in the United States?  
 Yes  No If No, please provide details on an attached sheet.
3. Has any 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 the Applicant or any of its Principals or audited the payroll records of the Applicant or any of its Principals during the current or preceding three year calendar years?  
 Yes  No If "Yes," please use an attached sheet to briefly elaborate upon such inspection or audit.

## Certifications

I, the undersigned officer/member/partner of Applicant, on behalf of Applicant, hereby request, represent, certify, understand, acknowledge and agree as follows:

The Applicant and the Principals of the Applicant ("Principals" as such term is used in this Application is defined as the most senior three officers of Applicant, any person or entity with a ten percent (10%) or greater ownership interest in the Applicant, and any person or entity as shall have the power to control, whether through ownership, voting control or otherwise, the Applicant, or any person or entity that directly or indirectly controls, is controlled by, or is under common control with the Applicant):

1. are not in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Agency or the City, unless such default or breach has been waived in writing by the Agency or the City, as the case may be;
2. have not been convicted of a misdemeanor related to truthfulness and/or business conduct in the past five (5) years;
3. have not been convicted of a felony in the past ten (10) years;
4. have not received formal written notice from a federal, state or local governmental agency or body that such Person is currently under investigation for a felony criminal offense; or
5. have not received written notice of default in the payment to the City of any taxes, sewer rents or water charges, which have not been paid, unless such default is currently being contested with due diligence in proceedings in court or other appropriate forum.

I request that this Application, together with all materials and data submitted in support of this Application (collectively, these "Application Materials"), be submitted for review to the Agency, in order to obtain from the Agency an approval to provide the benefits requested herein for the Project. I represent that I have the authority to sign these Application Materials on behalf of, and to bind, Applicant.

I certify to the best of my knowledge and belief, after due investigation, the information contained in these Application Materials is accurate, true and correct and does not contain a misstatement of a material fact or omit to state a material fact necessary to make the statements contained herein not misleading. I understand that an intentional misstatement of fact, or, whether intentional or not, a material misstatement of fact, or the providing of materially misleading information, or the omission of a material fact, may cause the Agency to reject the request made in the Application Materials. I understand that the Agency will rely on the information contained within these Application Materials in producing and publishing a public notice and convening a public hearing. If any information in these Application Materials is found to be incorrect, the Applicant may have to provide new information and a new public notice and public hearing may be required. If a new public notice and public hearing is required, they will be at the Applicant's expense.

I understand and consent to the following: that Applicant and Principals will be subject to a background check (including an Experian credit check) and actual or proposed subtenants may be subject to a background check, and if such background check performed by the Agency with respect to Applicant or any Principals reveals negative information, Applicant consents to any actions that the Agency or New York City Economic Development Corporation ("NYCEDC") may take to investigate and verify such information; that under the New York State Freedom of Information Law ("FOIL"), the Agency may be required to disclose the Application Materials and the information contained therein.

I further understand and agree as follows:

That notwithstanding submission of this Application, the Agency shall be under no obligation to approve the requested benefits.

That preparation of this Application and any other actions taken in connection with the proposed Project shall be entirely at Applicant's sole cost and expense.

That the Applicant hereby releases the Agency, NYCEDC, and the directors, officers, employees and agents of each (collectively, the "Indemnitees") from all claims that Applicant has or could assert and which arise out of this Application or out of any actions taken in connection with this Application or our of any other actions taken in connection with the proposed Project (collectively, the "Actions"). Applicant hereby indemnifies and holds harmless each of the Indemnitees against any claims and damages brought or asserted by third parties, including reasonable attorneys' fees, arising from or in connection with the Actions. As referred to herein, "third parties" shall include but not be limited to Principals.

That the Applicant DOES HEREBY CERTIFY to the Agency that the proposed project will not involve moving business operations from elsewhere in New York State (outside of New York City) to New York City.

That in the event the Agency or NYCEDC discloses the Application Materials in response to a request made pursuant to FOIL, Applicant hereby authorizes the Agency and NYCEDC to make such disclosure and hereby releases the Agency and NYCEDC from any claim or action that Applicant may have or might bring against the Agency or NYCEDC, their directors, officers, agents, employees and attorneys, by reason of such disclosure; and that Applicant agrees to defend, indemnify and hold the Agency and the NYCEDC and their respective directors, officers, agents, employees and attorneys harmless (including without limitation

for the cost of reasonable attorneys fees) against claims arising out of such disclosure as such claims may be made by any party including the Applicant, or any Principal or by the officers, directors, employees and agents thereof.

I acknowledge and agree that the Agency reserves its right in its sole and absolute discretion to request additional information, waive any requirements set forth herein, and/or amend the form of this Application, to the full extent permitted by applicable law.

Requested, Represented, Certified, Acknowledged, Understood and Agreed by Applicant,

I certify that, using due care, I know of no misstatement of material fact in these Application Materials and know of no material fact required to be stated in these Application Materials to make the statements made therein not misleading.

This 15 day of NOVEMBER, 2012. \_\_\_\_\_

Name of Applicant: EDWIN COSME \_\_\_\_\_

Signatory: EDWIN COSME \_\_\_\_\_

Title of Signatory: SOLE PROP \_\_\_\_\_

Signature: EDWIN COSME \_\_\_\_\_

Certified by Preparer, \_\_\_\_\_

This      day of      , 20      .

Name of Preparer: \_\_\_\_\_

Signatory: \_\_\_\_\_

Title of Signatory: \_\_\_\_\_

Signature: \_\_\_\_\_

**Exhibit B**

**FORM OF PROJECT COMPLETION CERTIFICATE**

The undersigned, a duly authorized representative of \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of the State of \_\_\_\_\_ (the "Lessee"), HEREBY CERTIFIES that this Certificate is being delivered in accordance with the provisions of Section 3 of that certain Agency and Lease Agreement, dated as of \_\_\_\_\_ 1, 20\_\_ (the "Agreement"), between the New York City Industrial Development Agency (the "Agency") and the Lessee, and FURTHER CERTIFIES THAT (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Agreement):

(i) the Project was commenced within six (6) months of the Commencement Date and has been completed. The date of completion of the Project and final installation of Project Personalty at the Facility Realty was \_\_\_\_\_, \_\_, 2013; and

(ii) attached hereto is one of the following (check only one and attach the indicated document):

- certificate of occupancy, or
- temporary certificate of occupancy, or
- amended certificate of occupancy, or
- letter of no objection; or
- not applicable to Project (Explain: \_\_\_\_\_)

(iii) in accordance with all applicable laws, regulations, ordinances and guidelines, the Facility is ready for occupancy, use and operation for its intended purpose under the Agreement and such occupancy, use and operation has in fact commenced; and

(iv) Attached is a completed Sales Tax Registry which accounts for all Sales Tax Savings realized by the Lessee during (a) the period from July 1, 2013 to the Termination Date, or (b) if the Termination Date occurred before July 1, 2013, the period from the Commencement Date to the Termination Date.

(v) As of the Completion Date, the Lessee employed \_\_\_ full-time employees (working at least 35 hours per work, subject to customary leave); and \_\_\_ part-time employees (working at least 17.5 hours per week, subject to customary leave).

(vi) For the period from the Commencement Date to the Completion Date, the Project generated on average per month approximately \_\_\_ full-time equivalent construction employee jobs.



IN WITNESS WHEREOF, the undersigned has hereunto set its hand this \_\_\_\_\_  
day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
**EDWIN COSME**

**Exhibit C**

FORM OF LETTER OF AUTHORIZATION FOR SALES TAX EXEMPTION

**ATTENTION:**



**Unauthorized use of this document may result in financial penalties**

**LETTER OF AUTHORIZATION FOR SALES TAX EXEMPTION**

**EXPIRATION DATE:** January 11, 2014

**ELIGIBLE PROJECT LOCATION:**

**1726 Mermaid Avenue, Brooklyn, New York 11224 (the "Facility Realty")**

**ELIGIBLE AGENT:**

**Edwin Cosme d/b/a Cosme's Electronics (the "Lessee")**

January 11, 2013

TO WHOM IT MAY CONCERN

Re: New York City Industrial Development Agency  
Sales Tax Exemption Letter

Ladies and Gentlemen:

The New York City Industrial Development Agency (the "Agency"), by this notice, hereby advises you as follows:

1. The Agency constitutes a corporate governmental agency and a public benefit corporation under the laws of the State of New York, and therefore, in the exercise of its governmental functions, is exempt from the imposition of any New York State or New York City sales and use tax. As an exempt governmental entity, no exempt organization identification number has been issued to the Agency nor is one required.

2. Pursuant to a certain Agency and Lease Agreement, dated the date hereof (the "Agreement"), between the Agency and the Lessee, the Agency and this Letter of Authorization of Sales tax Exemption thereby and hereby authorizes the Lessee to act as its agent in connection with a project (the "Project") for the purpose of purchasing and leasing eligible items described in Annex A attached hereto for installation, equipping, furnishing, servicing and use by the Lessee at the Facility Realty.

3. Subject to the provisions of this letter, including Annex B, this agency appointment described in Section 2 above includes the power of the Lessee to delegate from time to time such agency appointment, directly or indirectly, in whole or in part, to agents, subagents, contractors, subcontractors, material men, suppliers and vendors of the Lessee and for such parties in turn to delegate, in whole or in part and from time to time, to such other parties as the Lessee chooses, provided that any such delegation is limited to the renovation, repair and equipping of the Project and any such activities are effected in compliance with this Letter of Authorization for Sales Tax Exemption (each party so designated, hereinafter an "Agent").

**ATTENTION:**



**Unauthorized use of this document may result in financial penalties**

4. If the Lessee, or an Agent appointed directly or indirectly by the Lessee, intends to appoint an Agent to act as the Agency's agent for the purpose of effecting purchases exempt from sales or use tax pursuant to authority of this Letter of Authorization for Sales Tax Exemption, the Lessee shall comply, and shall require and cause each such Agent to comply, with the required procedures set forth on Annex B hereto with respect to the filing by the Agency of New York State Department of Taxation and Finance Form ST-60 "IDA Appointment of Project or Agent".

5. As agent for the Agency, the Lessee agrees that it will attach the following rider to each contract, agreement, invoice, bill or purchase order entered into by the Lessee or by an Agent, as agent for the Agency for the renovation, repair and equipping of the Project:

"This contract, agreement, invoice, bill or purchase order is being entered into by **Edwin Cosme d/b/a Cosme's Electronics** (the "Agent"), as agent for and on behalf of the New York City Industrial Development Agency (the "Agency") in connection with a certain project of the Agency for the Agent and for **Edwin Cosme d/b/a Cosme's Electronics** (the "Lessee") being the renovation, repair and equipping of a facility (the "Facility"), located at 1726 Mermaid Avenue, Brooklyn, NY 11224 (the "Project"). The purchase, lease, rental or use of the materials, machinery, equipment, goods, services and supplies which are the subject of this contract, agreement, invoice, bill or purchase order, which has been entered into with or presented to the vendor (the "Vendor") shall be exempt from the sales and use tax levied by the State of New York and The City of New York subject to and in accordance with the terms and conditions set forth in the attached Letter of Authorization for Sales Tax Exemption of the Agency, and the Agent hereby represents that this contract, agreement, invoice, bill or purchase order is in compliance with the terms of the Letter of Authorization for Sales Tax Exemption.

The Vendor has been provided with a copy of an executed New York State Department of Finance Form ST-60 "IDA Appointment of Project or Agent" ("Form ST-60") by the purchaser. The Vendor must retain in its records a copy of the Letter of Authorization for Sales Tax Exemption, the completed Form ST-60 and the contract, agreement, invoice, bill or purchase order as evidence that the Vendor is not required to collect sales or use tax in connection with this contract, agreement, invoice, bill or purchase order.

This contract, agreement, invoice, bill or purchase order is nonrecourse to the Agency, and the Agency shall not be directly or indirectly or contingently liable or obligated hereunder in any manner or to any extent whatsoever, and the Agent shall be the sole party liable hereunder. By execution or acceptance of this contract, agreement, invoice, bill or purchase order, the Vendor hereby acknowledges and agrees to the terms and conditions set forth in this paragraph."

[PAGE INTENTIONALLY LEFT BLANK.]

**ATTENTION:**



**Unauthorized use of this document may result in financial penalties**

6. The Agency shall have no liability or performance obligations under any contract, agreement, invoice, bill or purchase order entered into by the Lessee or any Agent as agent for the Agency hereunder. The Agency shall not be liable, either directly or indirectly or contingently, upon any such contract, agreement, invoice, bill or purchase order in any manner and to any extent whatsoever, and the Lessee or, as applicable, any Agent, shall be the sole party liable thereunder.

7. By execution by the Lessee of its acceptance of the terms of this Letter of Authorization for Sales Tax Exemption, the Lessee agrees to accept the terms hereof and represents and warrants to the Agency that the use of this Letter of Authorization for Sales Tax Exemption by the Lessee or by any Agent is strictly for the purposes above stated.

8. Accordingly, until the Termination Date (as defined in the Lease Agreement), all Vendors are hereby authorized to rely on this Letter of Authorization for Sales Tax Exemption (or on a photocopy or fax of this Letter of Authorization for Sales Tax Exemption) as evidence that purchases of the Project property, to the extent effected by the Lessee or by an Agent as agent for the Agency, are exempt from all New York State and New York City sales and use taxes. Upon the Termination Date, the Lessee and each Agent shall cease being agents of the Agency, and (i) the Lessee shall immediately notify each Agent in writing of such termination; (ii) the Lessee shall surrender, and cause each Agent to surrender, this Letter of Authorization for Sales Tax Exemption (including any copy or facsimile hereof) to the Agency for cancellation; and (iii) the Lessee shall cause each Agent to perform all of its obligations as set forth in Annex B and in the Agency Agreement referred to therein.

**ATTENTION:**  
⚠ **Unauthorized use of this document may result in financial penalties**

9. The signature of a representative of the Lessee where indicated below will indicate that the Lessee has accepted the terms hereof.

**NEW YORK CITY INDUSTRIAL  
DEVELOPMENT AGENCY**

By: [Signature]  
Name: Jeffrey Lee  
Title: Executive Director

ACCEPTED AND AGREED TO BY:  
[Signature]

STATE OF NEW YORK )  
COUNTY OF NEW YORK ) ss.:

On the 11 day of JANUARY, in the year two thousand 13  
before me, the undersigned, personally appeared Jeffrey Lee,  
personally known to me or proved to me on the basis of satisfactory evidence to  
be the individual whose name is subscribed to the within instrument and  
acknowledged to me that he/she/they executed the same in his/her/their capacity,  
and that by his/her/their signature on the instrument, the individual, or the person  
upon behalf of which the individual acted, executed the instrument.

STATE OF NEW YORK )  
COUNTY OF Kings ) ss.:  
On the 10<sup>th</sup> day of January, in the year two thousand 13  
before me, the undersigned, personally appeared Edwin Cosme,  
personally known to me or proved to me on the basis of satisfactory evidence to  
be the individual whose name is subscribed to the within instrument and  
acknowledged to me that he/she/they executed the same in his/her/their  
capacity,  
and that by his/her/their signature on the instrument, the individual, or the  
person upon behalf of which the individual acted, executed the instrument.

[Signature]  
Notary Public/Commissioner of Deeds

**SAMANTHA GENTILE**  
**NOTARY PUBLIC-STATE OF NEW YORK**  
**No. 01GE6244549**  
**Qualified in New York County**  
**My Commission Expires July 11, 2015**

[Signature]  
Kevin Lee Golns  
Notary Public, State Of New York  
No. 01GO6270643  
Qualified in Kings County  
Commissions Expires October 29, 20 16

Sworn to me this 10<sup>th</sup> day  
of January 20, 13.  
[Signature] Notary Public

## Annex A

The Lessee and each Agent appointed directly or indirectly by the Agency in connection with the Project shall be entitled to claim an exemption from sales or use tax levied by the State of New York and The City of New York in connection with the following transactions:

- (i) purchases of materials, goods, machinery, equipment and supplies that will be incorporated into and made an integral component part of the Facility Realty;
- (ii) purchases or leases of any item of materials, goods, machinery, equipment, furniture, furnishings, trade fixtures and other tangible personal property having a useful life of one year or more, including computers (and peripherals), telecommunications equipment, business machines and software;
- (iii) with respect to the eligible items identified in (ii) above: purchases of freight, installation, maintenance and repair services required in connection with the shipping, installation, use, maintenance or repair of such items; provided that maintenance shall mean the replacement of parts or the making of repairs;
- (iv) purchases of materials, goods, machinery, equipment and supplies that are to be used and substantially consumed in the course of construction or renovation of the Facility Realty (but excluding fuel, materials or substances that are consumed in the course of operating machinery and equipment or parts containing fuel, materials or substances where such parts must be replaced whenever the substance is consumed);
- (v) leases of machinery and equipment solely for temporary use in connection with the construction or renovation of the Facility Realty; and
- (vi) Notwithstanding the foregoing, purchases or leases of the following items and the services described below are **NOT ELIGIBLE** for a sales and use tax exemption using this Sales Tax Letter:
  - a. vehicles of any sort, watercraft and rolling stock;
  - b. fine art, plants (whether potted or landscaped), artwork and other similar decorative items;
  - c. ordinary office supplies such as pencils, paper clips and paper;
  - d. any cost of utilities, cleaning service or supplies or other ordinary operating cost;
  - e. any materials or substances that are consumed in the operation of machinery;
  - f. equipment or parts containing materials or substances where such parts must be replaced whenever the substance is consumed; and
  - g. maintenance of the type as shall constitute janitorial services.



## Annex B

### **Form ST-60--Required Procedures**

**Introduction.** Section 874(9) of Article 18-A of the General Municipal Law and New York State Department of Taxation and Finance Form ST-60 “IDA Appointment of Project Operator or Agent” (“Form ST-60”) require that within thirty (30) days of the date that the Agency or its agent directly or indirectly appoint a project operator or other person or entity to act as agent of the Agency for purposes of extending a sales or use tax exemption to such person or entity, the Agency must file a completed Form ST-60 with respect to such person or entity. Certain capitalized terms used in this exhibit shall have the meanings ascribed thereto in the Letter of Authorization for Sales Tax Exemption.

**Required Procedures.** In order to comply with the foregoing law and other Agency requirements, the Lessee must, and must ensure that its Agents, comply with the following procedures. Failure to follow such procedures may result in the loss of sales and use tax exemptions derived from the use of the Letter of Authorization for Sales Tax Exemption in connection with the Project.

1. Agency Agreement. Prior to submitting to the Agency a completed Form ST-60 with respect to a proposed Agent, the Lessee, or its Agents, as applicable, must enter into an agency agreement (the “Agency Agreement”) with such Agent that describes the work to be performed and/or the materials to be provided by such Agent pursuant to a contract (the “Agent’s Contract”) entered into in connection with the Project. The Agency Agreement (which may be incorporated in the Agent’s Contract) shall include the following provisions substantially in the form below (instructions are in *italics*):

- “a) The Agent is hereby appointed as an agent of the Agency in connection with the materials to be provided by such Agent pursuant to a contract between Agent and *[identify Company or Company Agent]* \_\_\_\_\_ dated \_\_\_\_\_, 201\_ (the “Agent’s Contract”) for the purposes described in, and subject to the conditions and limitations set forth in, the Letter of Authorization for Sales Tax Exemption attached as Exhibit A *[attach Letter of Authorization for Sales Tax Exemption from the Agency to the Lessee]*.
- b) Pursuant to the exemptions from sales and use taxes available to the Agent under the Letter of Authorization for Sales Tax Exemption, the Agent shall avail itself, on behalf of the Lessee, of such exemptions when purchasing eligible materials in connection with the Agent’s Contract and shall not include such taxes in its Agent’s Contract price, bid or reimbursable costs, as the case may be.
- c) The effectiveness of the appointment of the Agent as an agent of the Agency is expressly conditioned upon the execution by the Agency of New York State Department of Taxation and Finance Form ST-60 “IDA Appointment of Project or Agent” (“Form ST-60”) to evidence that the Agency has appointed the Agent as its agent.
- d) Agent shall provide a copy of the executed Form ST-60 to each vendor to whom it

presents the Letter of Authorization for Sales Tax Exemption in order to effect a sales tax exempt purchase. All such purchases shall be made in compliance with the terms, provisions and conditions of the Letter of Authorization for Sales Tax Exemption.

- e) The Agent must retain for at least six (6) years from the date of expiration of its Contract copies of (a) the Agency Agreement, (b) all contracts, agreements, invoices, bills or purchases entered into or made by such Agent using the Letter of Authorization for Sales Tax Exemption, and (c) the executed Form ST-60 appointing the Agent as an agent of the Agency and to make such records available to the Agency upon reasonable notice. This provision shall survive the expiration or termination of the Agency Agreement.
- f) In order to assist the Lessee in complying with its obligation to file New York State Department of Taxation and Finance Form ST-340 "Annual Report of Sales and Use Tax Exemptions Claimed by Project Operator of Industrial Development Agency/Authority" ("Form ST-340"), the Agent covenants and agrees that it shall file annually with the Lessee (no later than January 15th following each calendar year in which it has claimed sales and use tax exemptions in connection with the Project) a written statement of all sales and use tax exemptions claimed by such Agent for the preceding calendar year in connection with the Project and the Facility. If the Agent fails to comply with the foregoing requirement, the Agent shall immediately cease to be the agent for the Agency in connection with the Project (such agency relationship being deemed to be immediately revoked) without any further action of the parties, the Agent shall be deemed to have automatically lost its authority to make purchases as agent for the Agency, and shall desist immediately from all such activity, and shall immediately and without demand return to the Lessee or the Agency its copy of the Letter of Authorization for Sales Tax Exemption issued to the Lessee by the Agency that is in the Agent's possession or in the possession of any agent of such Agent.
- g) The Agent agrees that if it fails to comply with the requirements for sales and use tax exemptions, as described in the Letter of Authorization for Sales Tax Exemption, it shall pay any and all applicable New York State sales and use taxes, and no portion thereof shall be charged or billed to the Agency or to the Lessee directly or indirectly, the intent of the Agency Agreement being that neither the Agency nor the Lessee shall be liable for any of the sales or use taxes described above. This provision shall survive the expiration or termination of the Agency Agreement.
- h) The Agent represents and warrants that, except as otherwise disclosed to the Agency, none of the Agent, the Principals of the Agent, or any Person that directly or indirectly Controls, is Controlled by, or is under common Control with the Agent:
  - i. is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Agency or The City of New York (the "City"), unless such default or breach has been waived in

writing by the Agency or the City, as the case may be;

- ii. has been convicted of a felony and/or any crime involving moral turpitude in the preceding ten (10) years;
- iii. has received written notice of default in the payment to the City of any taxes, sewer rents or water charges in excess of \$5,000 that has not been cured or satisfied, unless such default is then being contested with due diligence in proceedings in a court or other appropriate forum; or
- iv. has, at any time in the three (3) preceding years, owned any property which, while in the ownership of such Person, was acquired by the City by in rem tax foreclosure, other than a property in which the City has released or is in the process of releasing its interest to such Person pursuant to the Administrative Code of the City.

“Control” or “Controls” shall mean the power to direct the management and policies of a Person (x) through the ownership, directly or indirectly, of not less than a majority of its voting securities, (y) through the right to designate or elect not less than a majority of the members of its board of directors or trustees or other Governing Body, or (z) by contract or otherwise.

“Entity” shall mean any of a corporation, general partnership, limited liability company, limited liability partnership, joint stock company, trust, estate, unincorporated organization, business association, tribe, firm, joint venture, governmental authority or governmental instrumentality, but shall not include an individual.

“Governing Body” shall mean, when used with respect to any Person, its board of directors, board of trustees or individual or group of individuals by, or under the authority of which, the powers of such Person are exercised.

“Person” shall mean an individual or any Entity.

- i) The appointment of the Agent as agent of the Agency shall expire at the earlier of (i) the expiration of the Agent’s Contract, or (ii) the Expiration Date of the Letter of Authorization for Sales Tax Exemption, unless renewed; provided, however, that the expiration or termination of the Lessee’s status as agent of the Agency shall result in the immediate termination of the Agent’s status as an agent of the Agency.
- j) The Agency shall be a third party beneficiary of the Agency Agreement.”

2. Complete and Submit Form ST-60 to the Agency. Following the execution and delivery of an Agency Agreement, the Lessee must submit to the Agency a completed Form ST-60.

The Agency requires the Lessee to submit Form ST-60 electronically. Please download Form ST-60 via the internet by typing [www.tax.state.ny.us/pdf/2002/fillin/st/st60\\_702\\_fill\\_in.pdf](http://www.tax.state.ny.us/pdf/2002/fillin/st/st60_702_fill_in.pdf) into the address bar of your internet browser and saving the “fill-in” PDF of the form (using adobe acrobat). The downloaded form may then be completed electronically, saved and transmitted to

the Agency.

Upon completion of the form by the Agent, the Lessee must submit the form to the Agency by emailing it to [Compliance@nycedc.com](mailto:Compliance@nycedc.com).

The appointment of such Agent as an agent for the Agency shall be effective upon execution of the completed Form ST-60 by the Agency. The Agency will insert the date on which the Agent is appointed on the date when the Form ST-60 is executed by the Agency. The determination whether or not to approve the appointment of an Agent by executing the Form ST-60 shall be made by the Agency, in its sole discretion. If executed, a completed copy of Form ST-60 shall be sent to the Lessee within five (5) business days following such execution. The Lessee shall provide a copy of such executed Form ST-60 to the Agent within five (5) business days after receipt thereof by the Lessee.

