

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION FOR FINANCIAL ASSISTANCE

PLEASE NOTE: PRIOR TO SUBMITTING A COMPLETED FINAL APPLICATION AND EAF, PLEASE ARRANGE TO MEET WITH THE AGENCY'S STAFF TO REVIEW YOUR DRAFT APPLICATION AND EAF

Date: 06/28/18

APPLICATION OF: TBD HD LLC
APPLICANT NAME

TBD HD LLC
OWNERSHIP OF PROPOSED PROJECT
(APPLICANT OR OTHER OWNER)

Type of Application:

- | | |
|--|---|
| <input type="checkbox"/> Tax-Exempt Bonds | <input type="checkbox"/> Taxable Bonds |
| <input type="checkbox"/> Both Taxable and Tax-Exempt Bonds | <input checked="" type="checkbox"/> Sale/Leaseback
<input type="checkbox"/> Bank Financing |
| <input type="checkbox"/> Refunding | <input type="checkbox"/> Amendment |
| <input type="checkbox"/> Second Mortgage | <input type="checkbox"/> Transfer |

Type of Project:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Industrial/Manufacturing | <input type="checkbox"/> Warehousing |
| <input type="checkbox"/> Commercial/Office | <input type="checkbox"/> Pollution Control/
(indicate type) _____ |
| <input type="checkbox"/> Not-for-Profit/Civic
(Specify) _____
_____ | <input type="checkbox"/> Energy or Cogeneration Facility |
| <input type="checkbox"/> Commercial/Retail | <input type="checkbox"/> Other (specify) _____
_____ |
| <input type="checkbox"/> Solid Waste | |

Description of Project (check one or more):

- | | |
|---|--|
| <input checked="" type="checkbox"/> New Construction | <input type="checkbox"/> Acquisition of existing facility |
| <input type="checkbox"/> Addition to existing facility
<input type="checkbox"/> Existing IDA project | <input checked="" type="checkbox"/> Purchase of new machinery and equipment |
| <input type="checkbox"/> Renovation/modernization of existing facility
<input type="checkbox"/> Existing IDA project | <input checked="" type="checkbox"/> Purchase of used machinery and equipment |

Please respond to all items either by filling in blanks, by attachment (by marking space "See Attachment Number 1," etc.) or by N.A., where not applicable. This application must be filed in 4 copies. A complete application is essential for the Agency's determination of whether to provide the financial assistance requested. A non-refundable application fee of \$2,500.00 is required at the time of submission of this application to the Tioga County Industrial Development Agency (the "Agency"). In the event that multiple public hearings are required, \$500.00 per hearing will be charged in addition to the application fee.

The attached Environmental Assessment Form ("EAF") is an integral part of this application. This application will not be deemed complete unless accompanied by a fully completed EAF.

Before inducement, Bond Counsel (or Transaction Counsel, in the case of a Sale/Leaseback) will require a \$2,500 deposit which will be applied to actual out-of-pocket fees and disbursements made during the inducement and negotiation processes, and will be reflected on their final statement at closing.

Information provided herein will not be made public by the Agency prior to the passage of an Official Inducement Resolution, but may be subject to disclosure under the New York Freedom of Information Law.

APPLICANTS FOR FINANCIAL ASSISTANCE TO RETAIL FACILITIES ALSO COMPLETE RIDER A

APPLICANTS FOR TAX-EXEMPT BONDS ALSO COMPLETE RIDER B

I. OWNER DATA

A. PROPOSED PROJECT OWNER (THE "OWNER")

NAME TBD HD LLC

ADDRESS 987 Buckeye Park Road

CONTACT Troy Gaerke POSITION CFO

PHONE 614-449-8281 FEDERAL EMPLOYER I.D.# 83-0899358

FAX 614-449-8851 E-MAIL troy@hotdipgalv.com

NAICS CODE 332812

BUSINESS TYPE:

SOLE PROPRIETORSHIP LIMITED LIABILITY COMPANY

GENERAL PARTNERSHIP LIMITED PARTNERSHIP

OTHER (PLEASE DESCRIBE) _____

State and Date of Organization Ohio - 06/08/18

PRIVATELY HELD CORPORATION

PUBLIC CORPORATION LISTED ON _____ EXCHANGE

State and Date of Incorporation _____

NOT-FOR-PROFIT CORPORATION

Qualified Under Section ____ of Internal Revenue Code (attach a copy of IRS Determination Letter)

State and Date of Incorporation or Charter _____

EDUCATION CORPORATION

Qualified Under Section ____ of the Internal Revenue Code (attach a copy of IRS Determination Letter)

State and Date of Incorporation or Charter _____

ATTORNEY Russell R. Rosler
 FIRM NAME Vorys Sater Seymour and Pease LLP
 ADDRESS 52 East Gay Street, Columbus, OH 43215
 PHONE 614-464-8294 FAX 614-719-4931
 E-MAIL rrrosler@vorys.com

B. FACILITY USER (tenant using more than 10% of the square footage of the Facility, if different than the Owner) (THE "USER")

NAME Owner will occupy/use facility

ADDRESS _____

CONTACT _____ POSITION _____

PHONE _____ FEDERAL EMPLOYER I.D.# _____

FAX _____ E-MAIL _____

NAICS CODE _____

BUSINESS TYPE:

SOLE PROPRIETORSHIP LIMITED LIABILITY COMPANY

GENERAL PARTNERSHIP LIMITED PARTNERSHIP

OTHER (PLEASE DESCRIBE) _____

State and Date of Organization _____

PRIVATELY HELD CORPORATION

PUBLIC CORPORATION LISTED ON _____ EXCHANGE

State and Date of Incorporation _____

NOT-FOR-PROFIT CORPORATION

Qualified Under Section ____ of Internal Revenue Code (attach a copy of IRS Determination Letter)

State and Date of Incorporation or Charter _____

EDUCATION CORPORATION

Qualified Under Section ____ of the Internal Revenue Code (attach a copy of IRS Determination Letter)

State and Date of Incorporation or Charter

ATTORNEY _____

FIRM NAME _____

ADDRESS _____

PHONE _____ FAX _____

E-MAIL _____

(Please provide names of each additional User, if any, and all of the information requested above, on a separate sheet and attach it to this questionnaire.)

- C. Any related person (e.g., stockholder, principal, partner, member, parent corporation, sister corporation, subsidiary) to the above Owner or User proposed to be a user of the Project.

<u>NAME</u>	<u>BUSINESS TYPE</u>	<u>RELATIONSHIP</u>
N/A		
_____	_____	_____
_____	_____	_____

- D. Principal stockholders or partners of the Owner and the User, if any (i.e., owners of 5% or more equity in the Owner or the User):

<u>NAME</u>	<u>% OWNED</u>	<u>WHICH COMPANY</u>
Voigt & Schweitzer LLC	100	TBD HD LLC
_____	_____	_____
_____	_____	_____
_____	_____	_____

- E. **APPLICANTS FOR TAX-EXEMPT FINANCING:** If any of the above persons, or a group of them, owns more than a 50% interest in the Owner or the User, list all other persons that are related to the Owner or the User by virtue of such owners having more than a 50% interest in such other persons.

N/A

- F. **APPLICANTS FOR TAX-EXEMPT FINANCING:** Is the Owner or the User related to any other person by reason of more than 50% common ownership? If so, indicate the name of each related person and the Owner's or User's relationship to such person.

N/A

- G. List the Owner's and the User's parent corporations, sister corporations and subsidiaries if any.

Parent corporation of Voigt & Schweitzer LLC is Hill & Smith Holdings PLC which is a UK publicly listed company (www.hsholdings.co.uk). A complete listing of related corporations is on the website.

- H. Has the Owner or the User (or any other entity listed in answer to questions C-G above) been involved in or benefitted by any prior tax-exempt bond financing in the town/city/village in which this Project is located, whether through the Agency, JDA or another issuer? If so, please explain in full (e.g., name of issuer and beneficiary; original amount of issue; date of issue; current amount outstanding; purpose of issue; etc.).

N/A

- I. Has the Owner or the User (or any related person) made a public offering or private placement of its stock within the last year? If so, please describe and provide the prospectus or other offering materials used.

No

- J. Has the Owner or the User (or any related person) applied to any other Industrial Development Agency in regard to this Project? If so, please provide details of any action taken with respect to the Project and the current status of such application.

Yes. Applications are in process.

- K. List the major bank references of the Owner and the User.

KeyBank

II. OWNER'S OPERATIONS AT CURRENT LOCATION

- A. Address N/A
- B. Acreage of existing facility _____
- C. Number of buildings and square feet of each building

- D. Owned or leased _____
- E. Please describe the type of operation (e.g., manufacturing, wholesale, distribution, retail, etc.) and products and services offered at current location: _____

F. Employment (current number of full-time employees or the equivalent) _____

G. Annual payroll amount _____

III. USER'S OPERATIONS AT CURRENT LOCATION

A. Address N/A _____

B. Acreage of existing facility _____

C. Number of buildings and square feet of each _____

D. Owned or leased _____

E. Please describe the type of operation (e.g., manufacturing, wholesale, distribution, retail, etc.) and products and services offered at current location: _____

F. Employment (current number of full time employees or the equivalent) _____

G. Annual payroll amount _____

IV. PROPOSED PROJECT DATA

A. Location of Project - Please attach a map highlighting the location of the Project. In addition, please give the real property tax map number and exact street address of the Project, including the city or village (if any) and town in which the Project will be located. (If no street address is available, please include a survey and the most precise description available.) Please also identify the school district within which the Project will be located: See Exhibit 1 / Owego Apalachin Central School District

B. Project Site - Please submit 3 copies of plans or sketches of the proposed acquisition, renovation or construction (under separate cover is permissible). Also attach a photograph of the site or existing facility to be improved.

1. Acreage +/- 35 Acres

2. Acquisition of existing buildings:

a) Existing buildings to be acquired (number of buildings and square feet of each building):

N/A

b) Does the Project consist of additions and/or renovations to existing buildings? If so, indicate the nature of the expansion and/or renovation in reasonable detail.

N/A

3. New Construction:

a) Number and square feet of each new building to be constructed:

47,000

b) Builder or contractor and address:

Jones Project Management

2594 Crow Foot Drive, Auburn PA 17922

c) Architect and address:

Greenfield Architects, Inc.

PO Box 10726, Lancaster, PA 17605

4. Present use of the Project site:

Town of Owego Gravel Pit

5. Present user of Project site:

Town of Owego

6. Relationship of present user of Project site to the Owner, if any: N/A

C. Project Use Description – Please provide a detailed description of the Project and the Project’s intended use. (E.g., “The construction and equipping of an approximately 47,000 square foot building, of which 42,000 square feet will be used for the manufacturing of steel galvanizing, -0- square feet will be used for warehousing finished products and 5,000 square feet will be used for office space, and the acquisition and installation of the following items of machinery and equipment: cranes, kettle, forklifts, etc., all to be used by the Owner/User in connection with the manufacturing and/or warehousing of steel galvanizing for the steel industry.) If additional space is necessary, please attach an exhibit to this application.

APPLICANTS FOR TAX-EXEMPT FINANCING PLEASE NOTE: The Tax Reform Act of 1986 limits the types of facilities that are eligible for tax-exempt financing to manufacturing facilities, civic facilities and certain other exempt facilities.

D. Are there utilities on site? Yes

- a. Water (indicate municipal or other) municipal
- b. Sewer (indicate municipal or other) municipal
- c. Electric (Name of utility company) NYSEG
- d. Gas (Name of utility company) NYSEG

- E. If any space in the Project is to be leased by the Agency or the Owner to third parties, or subleased by the User to third parties, indicate the total square footage of the Project to be leased to each tenant, and the proposed use of that space by each tenant. Although the tenants may not yet be known, the general purposes for which the Project will be used must still be indicated (e.g., manufacturing, office, warehouse, etc.). Use a separate sheet, if necessary.

N/A

- F. 1. List principal items or categories of equipment to be acquired as part of the Project and identify whether equipment will be new or used.

Overhead cranes, furnace, kettle, baghouse,
forklifts, scale, air compressor, tanks, etc.

Most equipment will be new.

2. Have any of the items or categories listed above been ordered or obtained? If so, enclose copies of purchase orders, contracts and/or invoices.

N/A

- G. Has construction work on the Project begun? If so, complete the following:

- | | | |
|-------------------|------------------------------|--|
| 1. Site clearance | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no _____% complete |
| 2. Foundation | <input type="checkbox"/> yes | <input type="checkbox"/> no _____% complete |
| 3. Footings | <input type="checkbox"/> yes | <input type="checkbox"/> no _____% complete |
| 4. Steel | <input type="checkbox"/> yes | <input type="checkbox"/> no _____% complete |
| 5. Masonry | <input type="checkbox"/> yes | <input type="checkbox"/> no _____% complete |

6. Other (describe below):

N/A

H. Existing facilities within New York State:

1. Are there other facilities owned, leased or used by the Owner or User (or any related person) within the state? If so, tell where such facilities are located and describe the terms of the Owner's or the User's (or any related person's) interest in such facilities.

N/A

2. If there are other facilities within the state, is it expected that any of these other facilities will close or be subject to reduced activity as a result of the proposed Project?

yes

no

3. If you answered "No" to question 2 above, please explain in detail how current facilities will be utilized.

N/A

4. If you answered "Yes" to question 2 above, please indicate whether the Project is reasonably necessary for the Owner or User, as applicable, to maintain its competitive position in its industry and explain in detail.

N/A

5. Has the Owner or the User thought about moving to another state? Has the Owner or the User engaged in any negotiations in that regard? If so, please explain.

TBD HD LLC is considering building a new
plant in either New York or Pennsylvania.
An overall economic analysis will determine
site location.

6. Will the Project meet current zoning requirements at its proposed location?

yes no

- a) What is the present zoning? Industrial
- b) What zoning is required? Industrial
- c) If a change of zoning is required, please provide the details regarding, and described the status of, any change of zoning request.

N/A

7. Is the Project site in an Agricultural District, in a primarily agricultural area, or currently in agricultural use? If yes, provide details.

No

8. Is the Project site in a Historic District or does it contain any buildings of historical significance? If yes, describe.

No

9. Are any federal or state wetlands or any other environmentally critical or sensitive areas on or contiguous to the Project site? If yes, describe.

No

10. Does the Project site contain any underground or above ground storage tanks or wells, whether or not currently in use? If yes, describe.

Not currently. We will have above ground process tanks with secondary containment.

11. List any state, local or federal consents or approvals (e.g., site plan approval, special use permit, environmental permits, certificates of need) that will be necessary in connection with the Project and describe the status of each such consent or approval.

Site plan, building permit, well head permit, stormwater-NPDS, and air permit. See Exhibit 2 for listing of local approvals.

- I. Does the Owner or the User (or any related person) currently lease the Project site?

yes no

- J. Does the Owner or the User (or any related person) now own the Project site?

yes no

1. If so, indicate:
 - a) Date of purchase N/A
 - b) Purchase price _____
 - c) Balance of existing mortgage _____
 - d) Holder of mortgage _____
 - e) Special conditions _____
2. If not, does the Owner (or any related person) have an option or a contract to purchase the site and/or any buildings on the site?
 yes no
3. If so, please attach a copy of the option or contract and indicate:
 - a) Date signed N/A
 - b) Purchase price _____
 - c) Proposed settlement/closing date _____

K. Has an Environmental Audit or other examination of the environmental condition of the Project site been prepared within the last five years?

yes no

If yes, please attach a copy.

V. PROJECT COSTS

- A. Give an accurate estimate of the cost of each of the following items, specifying in each instance the best estimate of the portion of such costs to be financed with tax-exempt or taxable bond proceeds, if applicable:

	<u>TOTAL COST AND % BOND FINANCED</u>	
LAND*.....	<u>700,000</u>	(-0- %)
ACQUISITION AND REHABILITATION COSTS:		
Existing Building**	<u>N/A</u>	(%)
Cost of Rehabilitation	<u>N/A</u>	(%)
COST OF NEW CONSTRUCTION:		
Construction of New Building	<u>8,390,000</u>	(-0- %)
New Additions to or Expansions of Existing of Existing Building	<u>N/A</u>	(%)
ENGINEERING/ARCHITECTURAL FEES	<u>280,000</u>	(-0- %)
MANUFACTURING EQUIP. TO BE INSTALLED...	<u>4,200,000</u>	(-0- %)
OTHER EQUIP. TO BE INSTALLED	<u>251,000</u>	(-0- %)
LEGAL FEES (Bank, Bond, Agency & Company Counsel).....	<u>50,000</u>	(-0- %)
FINANCIAL CHARGES (specify).....	<u>N/A</u>	(%)
AGENCY FEES.....	<u>129,000</u>	(-0- %)
OTHER FEES/CHARGES, etc. (specify):		
_____	_____	(%)
_____	_____	(%)
TOTAL PROJECT COSTS:	<u>\$ 14,000,000</u>	(-0- %)
AMOUNT OF BOND REQUESTED (if applicable):	<u>\$ N/A</u>	

* **APPLICANTS FOR TAX-EXEMPT FINANCING NOTE:** If acquiring land, please note that federal law prohibits the use of 25% or more of tax-exempt bond proceeds for the purchase of land.

** **APPLICANTS FOR TAX-EXEMPT FINANCING NOTE:** If acquiring existing buildings, please note that federal law prohibits the acquisition of existing buildings with tax-exempt bond proceeds unless the rehabilitation expenses to be incurred with respect

to the building within three years are equal to or greater than 15% of the portion of the cost of acquiring the building that is financed with tax-exempt bond proceeds. Rehabilitation does not include any amount expended on new construction (additions or expansions). These provisions do not apply to "Civic Facilities" for 501(c)(3) organizations.

B. Method of financing costs:

	<u>AMOUNT</u>	<u>TERM</u>
1. Tax-exempt bond financing	\$ <u>N/A</u>	_____ years
2. Taxable bond Financing	\$ <u>N/A</u>	_____ years
3. IDA Sale/Leaseback with conventional financing***	\$ <u>N/A</u>	_____ years
4. IDA Sale/Leaseback with Owner/User Financing	\$ <u>9,090,000</u>	<u>10</u> years
5. JDA or other governmental funding***	\$ <u>N/A</u>	_____ years
6. Other loans***	\$ <u>N/A</u>	_____ years
7. Company's/Owner's equity contribution	\$ <u>4,910,000</u>	
TOTAL PROJECT COSTS:	\$ <u>14,000,000</u>	

*** Copies of all commitments must be submitted to the Agency before drafting of any bond or transaction documents can begin.

C. **APPLICANTS FOR TAX-EXEMPT FINANCING:** Have any of the above costs, which are to be reimbursed out of tax-exempt bond proceeds, been paid or incurred (including contracts of sale or purchase orders) as of the date of this application?

N/A

yes

no

If so, please give particulars, including dates paid or incurred on a separate sheet.

- D. **APPLICANTS FOR TAX-EXEMPT FINANCING:** Are costs of working capital, moving expenses, work in progress or stock in trade included in the proposed uses of the tax-exempt bond proceeds? Give details.

N/A

- E. Will any of the funds to be borrowed through the Agency be used to repay or refinance an existing mortgage, outstanding loan or outstanding bond issue? Give details.

N/A

- F. Has the Owner made any arrangements for the marketing or the purchase of the bond or bonds? If so, indicate with whom and provide copies of any commitments and/or term sheets.

N/A

VI. MEASURES OF GROWTH AND BENEFITS

- A. Please complete the chart below by indicating on line #1 the present number of full-time or equivalent employees and the annual payroll for all current facilities of the User. On line #2, please provide the information with respect to Tioga County facilities only. (If no facilities are currently in Tioga County, indicate "0.") On lines #3 and #4, provide projections of employment and payroll at the proposed Project in Tioga County for the first and second year after the Project's completion:

		Full Time or Equivalent <u>Employees</u>	Annual <u>Payroll \$</u>
1.	PRESENT (All Current Facilities)	<u>530</u>	<u>26,063,000</u>
2.	PRESENT (Tioga County Only)	<u>0</u>	<u>N/A</u>
3.	FIRST YEAR (Tioga County Only)	<u>34</u>	<u>1,335,000</u>
4.	SECOND YEAR (Tioga County Only)	<u>36</u>	<u>1,440,000</u>

B. What, if any, will be the expected increase in the annual dollar amount of sales or business activity?

\$ _____

C. Describe, if applicable, other benefits anticipated as a result of this Project, including but not limited to job retention.

N/A

VII. PROJECT CONSTRUCTION SCHEDULE

A. What is the proposed date for commencement of construction or acquisition of the Project?

Within one month following finalization of financial assistance.

B. Give an accurate estimate of the time schedule to complete the Project and when the first use of the Project is expected to occur (use additional sheets if necessary).

8 months following receipt of building permit.

C. At what time or times and in what amount or amounts is it estimated that funds will be required? Please provide your most accurate estimate.

Project will be internally financed by parent corporation.

VIII. WHAT TYPE OF FINANCIAL ASSISTANCE IS THE APPLICANT REQUESTING?

Standard PILOT

Deviation from Standard PILOT

If Deviation from Standard PILOT is requested, please explain _____

IX. ATTACH THE FOLLOWING FINANCIAL INFORMATION OF THE OWNER AND THE USER

- A. Financial statements for last two fiscal years (unless included in the Owner's or User's annual report).
- B. Owner's and User's annual reports (or Form 10-Ks) for the two most recent fiscal years.
- C. Quarterly reports (Form 10-Qs) and current reports (Form 8-Ks) since the most recent annual report, if any.
- D. In addition, if applicable, please attach the financial information described above in items A, B, and C of any expected guarantor of a proposed bond issue other than the Owner or the User.
- E. Upon the request of the Applicant, the Agency will review the information submitted pursuant to this Section VIII and return all copies to the Applicant within two weeks after the inducement date. Please indicate whether you require the information to be returned.

yes

no

BY SIGNING THIS APPLICATION, I CERTIFY THAT I HAVE READ AND UNDERSTOOD THE PROJECT POLICY MANUAL PROVIDED TO ME BY THE IDA AND AGREE TO COMPLY WITH THE TERMS AND CONDITIONS SET FORTH THEREIN.

SIGNATURE OF PERSON COMPLETING APPLICATION

Name: Brian Miller

Title: President

Company: TBD HD LLC

Date of Application: 6/29/18

CERTIFICATION

Brian Miller (name of representative of entity submitting application, or name of individual submitting application) deposes and says that s/he (choose and complete one of the following two options) (i) is a/the President (title) of TBD HD LLC (entity name), the entity named in the attached application, or (ii) is the individual named in the attached application; that s/he has read the foregoing application and knows the contents thereof; and that the same is true to his/her knowledge.

Deponent further says that s/he is duly authorized to make this certification on behalf of her/himself or on behalf of the entity named in the attached application. The grounds of deponent's belief relative to all matters in said application which are not stated upon his/her own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application as well as, if deponent is not an individual applicant, information acquired by deponent in the course of his/her duties in connection with said entity and from the books and papers of said entity.

As (i) the representative of said entity, or (ii) the individual applicant (such entity or individual applicant hereinafter referred to as the "Applicant"), deponent acknowledges and agrees that the Applicant shall be and is responsible for all costs incurred by the Tioga County Industrial Development Agency (hereinafter referred to as the "Agency") acting on behalf of the Applicant in connection with this application and all matters relating to the issuance of bonds or the provision of financial assistance to which this application relates. If, for any reason whatsoever, the Applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified period of time to take reasonable, proper or requested action or withdraws, abandons, cancels or neglects the application, then upon presentation of an invoice, the Applicant shall pay to the Agency, its agents or assigns, all actual costs incurred with respect to the application up to that date and time, including fees to bond counsel or transaction counsel for the Agency and fees of general counsel for the Agency. Upon the successful conclusion of the transaction or sale of the bond issue contemplated herein, the Applicant shall pay to the Agency an administrative fee set by the Agency in accordance with its fee schedule in effect on the date of the foregoing application, which amount is payable at closing. The Applicant understands that the Agency's bond counsel's fees and general counsel's fees are considered issuance expenses and, therefore, can be paid or reimbursed out of the proceeds of any resultant tax-exempt bond issue only up to an aggregate amount not exceeding 2% of the face amount of such tax-exempt issue.

Name: BRIAN MILLER
Title: PRESIDENT

Sworn to before me this 29 day of June, 2018

Tracie Owens



TRACIE OWENS
Notary Public
In and for the State of Ohio
My Commission Expires
February 12, 2023

NEW YORK STATE FINANCIAL REPORTING
REQUIREMENTS FOR INDUSTRIAL DEVELOPMENT AGENCIES

Please be advised that the New York General Municipal Law imposes certain reporting requirements on IDAs and recipients of IDA financial assistance. Of particular importance to IDA applicants is Section 859 (copy attached). This section requires IDAs to transmit financial statements within 90 days following the end of an Agency's fiscal year (Tioga County IDA FY is calendar), prepared by an independent, certified public accountant, to the New York State Comptroller, the Commissioner of the New York State Department of Economic Development and the governing body of the municipality for whose benefit the Agency was created (Tioga County). These audited financial statements shall include supplemental schedules listing the following information:

1. All straight-lease ("sale-leaseback") transactions and whether or not they are obligations of the Agency.
2. All bonds and notes issued, outstanding or retired during the period and whether or not they are or were obligations of the Agency.
3. All new bond issues shall be listed and for each new bond issue, the following information is required:
 - a. Name of the project financed with the bond proceeds.
 - b. Whether the project occupant is a not-for-profit corporation.
 - c. Name and address of each owner of the project.
 - d. The estimated amount of tax exemptions authorized for each project.
 - e. Purpose for which the bond was issued.
 - f. Bond interest rate at issuance and, if variable, the range of interest rates applicable.
 - g. Bond maturity date.
 - h. Federal tax status of the bond issue.
 - i. Estimate of the number of jobs created and retained for the project.
4. All new straight lease transactions shall be listed and for each new straight lease transaction, the following information is required:
 - a. Name of the project.
 - b. Whether the project occupant is a not-for-profit corporation.
 - c. Name and address of each owner of the project.
 - d. The estimated amount of tax exemptions authorized for each project.
 - e. Purpose for which each transaction was made.
 - f. Method of financial assistance utilized for each project, other than the tax exemptions claimed by the project.
 - g. Estimate of the number of jobs created and retained for the project.

Also of importance to IDA applicants is Section 874(8) of the General Municipal Law (copy

attached), which requires agents (i.e., project owners and/or occupants) of the Agency to file an annual statement with the State Department of Taxation and Finance, of the value of all sales tax exemptions claimed by such agents or their agents, including but not limited to consultants or subcontractors, who claim exemption from sales tax by virtue of the Agency's involvement in a transaction. The penalty for failure to file the statement is removal of authority to act as agent of the Agency.

Please sign below to indicate that you have read and understood the above.

1

Name: Brian M. Hoen

Title: President

Company: TBD HD LLC

Date: 6/29/18

RIDER A

TO BE COMPLETED BY ALL APPLICANTS FOR FINANCIAL ASSISTANCE FOR RETAIL PROJECTS OR PROJECTS WITH A RETAIL COMPONENT:

1. What percentage of the total Project cost will be used to finance premises that will be primarily used in making retail sales of goods or services to customers who personally visit the premises?

N/A

2. If the Agency does not provide the financial assistance requested in this application, will the Applicant or the Project User (if different from the Applicant) locate some or all of the jobs attributable to the Project outside New York State? If so, describe.

N/A

3. Will the proposed Project make available to residents of the city, town or village within which the Project will be located goods or services that are not otherwise reasonably available to such residents? If so, describe.

N/A

RIDER B

TO BE COMPLETED BY ALL APPLICANTS FOR TAX-EXEMPT FINANCING

(Note: Bond Counsel also will require applicant to complete a Bond Counsel Questionnaire to determine whether the Project qualifies, in whole or in part, for tax-exempt financing. The information requested in this Rider is for initial screening and structuring purposes.)

A. List capital expenditures with respect to this Project:

	<u>Past 3 Years</u>	<u>Next 3 Years</u>	<u>Total</u>
Land	\$ _____	\$ _____	\$ _____
Buildings	\$ _____	\$ _____	\$ _____
Equipment	\$ _____	\$ _____	\$ _____
Engineering	\$ _____	\$ _____	\$ _____
Architecture	\$ _____	\$ _____	\$ _____
Research and development	\$ _____	\$ _____	\$ _____
Interest during construction	\$ _____	\$ _____	\$ _____
Other (please explain)	\$ _____	\$ _____	\$ _____

If an expenditure may be either treated as a capital expenditure or may be currently expensed, for these purposes it must be treated as a capital expenditure.

Research and development expenses (other than in-house wages and supplies) with respect to a facility must be treated as capital expenditures with respect to products to be produced at the facility and with respect to equipment to be used there. Research and development expenses allocable to the project under the foregoing rule must be treated as capital expenditures with respect to it even though the research and development work takes place in a different municipality or state.

Costs of molds, etc., to be used at a facility are capital expenditures even if paid by the customer.

Costs of Equipment to be moved to a facility are capital expenditures even if the purchase and initial use of the equipment occurred outside the municipality.

B. List capital expenditures with respect to other facilities of the Company or any related corporation or person, if the facilities are located in the same municipality.

	<u>Past 3 Years</u>	<u>Next 3 Years</u>	<u>Total</u>
Land	\$ _____	\$ _____	\$ _____
Buildings	\$ _____	\$ _____	\$ _____
Equipment	\$ _____	\$ _____	\$ _____
Engineering	\$ _____	\$ _____	\$ _____
Architecture	\$ _____	\$ _____	\$ _____
Research and development	\$ _____	\$ _____	\$ _____
Interest during construction	\$ _____	\$ _____	\$ _____
Other (please explain)	\$ _____	\$ _____	\$ _____

Corporate Drive, Owego



Location	Owego (T)	Sewer	Town of Owego Municipal Sewer Adjacent
Tax Map #	106.00-3-20 & 106.00-3-19.2	Water	Town of Owego Municipal Water Adjacent
AKA	Town of Owego Site	Other Information	Additional acreage available via Wood property. Located 4 miles from NY I-86/17 interchange. 22 acres located outside of the floodplain
Zoning	Industrial		
Acres	35.16		
Electric	NYSEG 3-Phase		
Natural Gas	NYSEG		

Price: \$650,000

607.687.8255
TEAMINFO@CO.TIOGA.NY.US
WWW.TIOGACOUNTYNY.COM



<p>TCDA presents PILOT Cost Benefit Analysis to Oswego-Apalachin Central School District Board</p> <p>Town of Oswego Planning Board completes SEQE SEAF Parts 2 and 3, makes SEQE significance determination; provides MSA SWPPP certification and approvals; votes on Site Plan Review and notifies Applicant</p> <p>TCDA conducts PILOT public hearing and vote on PILOT at special meeting</p>														
<p>RESPONSIBLE PARTY</p> <p>Applicant: VAS</p> <p>Town of Oswego</p> <p>NYS DOT Reg 9</p> <p>Tioga County - TEAM Tioga</p> <p>Village of Oswego</p>														



VOIGT & SCHWEITZER LLC AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2017

(With Independent Accountants' Review Report Thereon)

VOIGT & SCHWEITZER LLC AND SUBSIDIARIES

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KPMG LLP
Suite 500
191 West Nationwide Blvd.
Columbus, OH 43215-2568

Independent Accountants' Review Report

The Member
Voigt & Schweitzer LLC and subsidiaries:

We have reviewed the accompanying consolidated financial statements of Voigt & Schweitzer LLC and subsidiaries (the Company), which comprise the consolidated balance sheet as of December 31, 2017, and the related consolidated statements of income and member's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with U.S. generally accepted accounting principles. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Columbus, Ohio
March 28, 2018

VOIGT & SCHWEITZER LLC AND SUBSIDIARIES

Consolidated Balance Sheet

December 31, 2017

Assets

Current assets:

Cash	\$ 3,924,090
Trade accounts receivable, less allowance for doubtful accounts of \$115,446	18,915,461
Inventories	8,549,099
Prepaid expenses	44,458
Notes receivable – related party	<u>9,450,000</u>

Total current assets 40,883,108

Property, plant and equipment:

Land	10,007,381
Buildings and improvements	46,431,744
Machinery and equipment	40,950,747
Furniture and fixtures	1,070,451
Vehicles	1,935,206
Construction in process	<u>1,316,081</u>

101,711,610

Less accumulated depreciation and amortization 45,229,610

Net property, plant and equipment 56,482,000

Notes receivable – related party 7,000,000

Goodwill 3,774,160

Intangible assets 583,843

Other assets 13,233

Total assets \$ 108,736,344

Liabilities and Member's Equity

Current liabilities:

Current maturities of bonds payable	\$ 410,000
Trade accounts payable	4,877,654
Accrued expenses	3,122,884
Income taxes payable	<u>12,925,182</u>

Total current liabilities 21,335,720

Bonds payable, excluding current maturities 2,290,000

Deferred income taxes 2,419,282

Total liabilities 26,045,002

Member's equity 82,691,342

Total liabilities and member's equity \$ 108,736,344

See accompanying accountants' review report and notes to consolidated financial statements.

VOIGT & SCHWEITZER LLC AND SUBSIDIARIES
 Consolidated Statement of Income and Member's Equity
 Year ended December 31, 2017

Sales		\$	126,391,346
Cost of sales			<u>76,744,073</u>
Gross profit			49,647,273
Selling, general and administrative expenses			<u>13,881,378</u>
Operating income			<u>35,765,895</u>
Other income (expense):			
Interest expense			(81,326)
Interest and other income			<u>577,494</u>
			<u>496,168</u>
Income before income taxes			36,262,063
Income tax expense			<u>11,525,978</u>
Net income			24,736,085
Member's equity at beginning of year			77,355,257
Distribution to member			<u>(19,400,000)</u>
Member's equity at end of year		\$	<u><u>82,691,342</u></u>

See accompanying accountants' review report and notes to consolidated financial statements.

VOIGT & SCHWEITZER LLC AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Year ended December 31, 2017

Cash flows from operating activities:	
Net income	\$ 24,736,085
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	4,904,416
Gain on sale of property, plant and equipment	(36,440)
Deferred income taxes	(1,374,289)
Change in assets and liabilities:	
Trade accounts receivable	(2,207,980)
Inventories	635,334
Prepaid expenses and other assets	94,001
Trade accounts payable	(203,608)
Accrued expenses	(493,045)
Income taxes payable	<u>1,551,082</u>
Net cash provided by operating activities	<u>27,605,556</u>
Cash flows from investing activities:	
Purchases of property, plant and equipment	(3,790,796)
Proceeds from sale of property, plant and equipment	62,411
Increase in notes receivable – related party	<u>(3,850,000)</u>
Net cash used in investing activities	<u>(7,578,385)</u>
Cash flows from financing activities:	
Principal payments on bonds payable	(385,000)
Distribution to member	(19,400,000)
Decrease in notes payable – related party	<u>(1,000,000)</u>
Net cash used in financing activities	<u>(20,785,000)</u>
Net decrease in cash	(757,829)
Cash at beginning of year	<u>4,681,919</u>
Cash at end of year	\$ <u><u>3,924,090</u></u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest	\$ 80,357
Income taxes, net of refunds	11,349,185
Supplemental disclosure of noncash investing activities:	
Purchases of property, plant, and equipment in accounts payable	\$ 145,948

See accompanying accountants' review report and notes to consolidated financial statements.

VOIGT & SCHWEITZER LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2017

(1) General

Voigt & Schweitzer LLC and subsidiaries (the Company) is a Delaware limited liability company that owns and operates galvanizing and fabrication companies servicing the Midwest, Southeast and East Coast areas of the United States.

(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Voigt & Schweitzer LLC and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Revenue Recognition

The Company recognizes revenue when products are shipped or the hot-dip galvanizing process is complete and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. Shipping and other transportation costs charged to customers are recorded in both sales and cost of sales.

(c) Trade Accounts Receivable

Trade accounts receivable are recorded based on amounts billed to customers. The Company does not accrue interest on any of its trade accounts receivable. The allowance for doubtful accounts is determined by management based on the Company's historical losses, specific customer circumstances and general economic conditions. Periodically, management reviews accounts receivable and records an allowance for specific amounts that based on current circumstances it believes are uncollectible and charges off the receivable against the allowance when all attempts to collect the receivable have failed.

(d) Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method, with the exception of zinc, for which cost is determined using the last-in, first-out (LIFO) method.

VOIGT & SCHWEITZER LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2017

(e) Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and amortization, computed using the straight-line method. Major renewals and betterments are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset. On disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recognized. The estimated useful lives of property, plant and equipment are summarized as follows:

Machinery and equipment	5–12 years
Furniture and fixtures	5–10 years
Vehicles	3–5 years
Buildings and improvements	5–25 years

For the year ended December 31, 2017, depreciation expense was \$4,904,416.

(f) Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of

Long-lived assets, such as property, plant and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

There has been no impairment of long-lived assets for the year ended December 31, 2017.

(g) Goodwill and Brand Name

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill and other indefinite lived intangible assets (brand name) are reviewed for impairment at least annually.

The Company makes a qualitative assessment at December 31 each year of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If the Company concludes it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, it need not perform the two-step impairment test. The Company performed a qualitative assessment of goodwill and its brand name and determined that it is not more likely than not that the fair values of its reporting units are less than the carrying amounts. Accordingly, no impairment loss was recorded in 2017.

VOIGT & SCHWEITZER LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2017

(h) Income Taxes

The Company is a limited liability company and has elected to be treated as a disregarded entity for income tax purposes. The results of operations are included in the consolidated income tax return of Hill & Smith Group Holdings Inc. Hill & Smith Group Holdings Inc. has elected to be taxed as a corporation for income purposes and allocates taxes to each subsidiary included as a part of its income tax filings using the separate return method. The Company has recorded a provision for income taxes, which is payable to Hill & Smith Group Holdings Inc., in the consolidated financial statements as if it filed separate tax returns.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted income tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in income tax rates is recognized in the Company's consolidated statement of operations in the period that includes the enactment date. On December 22, 2017, the U.S. enacted comprehensive tax legislation which among other things reduces the federal corporate income tax rate from 35% to 21% effective January 1, 2018. The effect of the rate change was recorded in the 2017 tax provision. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized. The determination of the need for a valuation allowance is based on an ongoing evaluation of current information including, among other things, estimates of future earnings and the expected timing of deferred income tax asset reversals.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740) – Balance Sheet Classification of Deferred Taxes" (ASU 2015-17), which requires companies to report their deferred tax liabilities and deferred tax assets together as a single noncurrent item on their classified balance sheets. The Company adopted ASU 2015-17 in the current period, and applied it prospectively as allowed by the standard. The adoption of ASU 2015-17 did not have a material impact on the consolidated balance sheet and had no impact on cash provided by or used in operations for the current period.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to any unrecognized tax benefits as components of income tax expense.

(i) Use of Estimates

In preparing the consolidated financial statements in conformity with U.S. generally accepted accounting principles, management must make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

VOIGT & SCHWEITZER LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2017

(3) Inventories

Inventories are summarized by major classification as follows:

Zinc	\$	5,813,416
Steel		997,990
Work in progress		1,371,770
Other production material		<u>365,923</u>
	\$	<u>8,549,099</u>

The estimated replacement cost of zinc inventories exceeded the LIFO inventory cost by \$5,605,940 at December 31, 2017.

(4) Debt

(a) Loan Agreements

On April 28, 2011, the Company's subsidiaries entered into a loan agreement with a bank that included a \$5,000,000 demand promissory note. On June 23, 2014, the original loan agreement was amended and restated with substantially the same terms and conditions as the original loan agreement. Borrowings bear interest at LIBOR plus 1.50% (effective rate of 2.9375% at December 31, 2017) and are collateralized by assets of specific subsidiaries of the Company. There was no balance outstanding under the note at December 31, 2017. The note allows the Company to issue letters of credit not to exceed \$1,500,000 in the aggregate. At December 31, 2017, there were outstanding letters of credit of \$1,100,000 which had no amounts drawn against them. Availability under the note to the Company was \$3,900,000 at December 31, 2017. The note is guaranteed by Voigt & Schweitzer LLC.

On April 26, 2011, the Company and Hill & Smith Holdings PLC and subsidiaries (the Group), entered into a revolving facility agreement which includes borrowings of up to \$304,954,700. Borrowings bear interest at LIBOR plus a margin depending on Group net debt (effective rate of 1.05% at December 31, 2017) and are unsecured. The Company had no borrowings under the revolving facility at December 31, 2017. The Group had borrowings of \$154,365,890 at December 31, 2017. Availability under the revolving facility to the Company was \$150,588,810 at December 31, 2017. The revolving facility is guaranteed by all members of the Group and includes various quantitative and qualitative covenants.

VOIGT & SCHWEITZER LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2017

(b) Bonds Payable

Bonds payable consist of secured obligations of various subsidiaries and are summarized at December 31, 2017:

Industrial Revenue Bond payable bearing interest at the weekly municipal index rate (effective rate of 1.85% at December 31, 2017), with quarterly payments ranging from \$55,000 to \$100,000. Bond matures in April 2023 and is secured by the assets of a specific subsidiary and guaranteed by the Company.	\$ 1,535,000
Industrial Revenue Bond payable bearing interest at the weekly municipal index rate (effective rate of 1.85% at December 31, 2017), with quarterly payments ranging from \$20,000 to \$100,000. Bond matures in December 2023 and is secured by the assets of a specific subsidiary and guaranteed by another subsidiary.	<u>1,165,000</u>
	2,700,000
Current maturities	<u>410,000</u>
Bonds payable, excluding current maturities	<u>\$ 2,290,000</u>

Bonds payable are due as follows for the years ending December 31:

2018	\$	410,000
2019		440,000
2020		460,000
2021		480,000
2022		500,000
Thereafter		410,000

The Company's bonds payable require the Company and its subsidiaries to comply with various affirmative and negative covenants.

VOIGT & SCHWEITZER LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2017

(5) Income Taxes

Income tax expense (benefit) for the year ended December 31, 2017 consists of the following:

Current:		
Federal	\$	11,524,395
State and local		1,375,873
Deferred		<u>(1,374,290)</u>
	\$	<u><u>11,525,978</u></u>

Income tax expense differs from the amount computed by applying the federal statutory income tax rate of 35% for the year ended December 31, 2017 pretax income primarily as a result of various permanent differences and state and local tax expense, net of federal benefit.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation, commonly referred to as the "Tax Act", which made broad and complex changes to the tax code. Among other things, the Tax Act reduced the federal corporate income tax rate from 35% to 21% effective January 1, 2018. As a result of the reduction in the corporate rate, the Company revalued its ending net deferred tax liabilities at December 31, 2017. The Company recognized a \$1,369,792 tax benefit in the consolidated statement of income and member's equity as a result of the Tax Act.

Deferred tax assets and liabilities arise from temporary differences as follows at December 31, 2017:

Deferred tax assets:		
Allowance for doubtful accounts	\$	30,175
Inventory		90,338
Accrued expenses		<u>117,016</u>
Total deferred tax assets		237,529
Deferred tax liabilities:		
Depreciation		(2,109,284)
Stepped up basis on assets acquired in business combinations		(131,287)
Amortization of intangible assets		<u>(416,240)</u>
Total deferred tax liabilities		<u>(2,656,811)</u>
Net deferred tax liabilities	\$	<u><u>(2,419,282)</u></u>

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred

VOIGT & SCHWEITZER LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2017

tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences.

The Company did not record an accrual for tax related uncertainties or unrecognized tax positions as of December 31, 2017.

(6) Related-Party Transactions

The Company pays management fees to a related company for corporate support functions. Total fees paid to the related party for the year ended December 31, 2017 were \$1,376,545 and are included in selling, general and administrative expenses on the consolidated statement of income and member's equity.

The Company provides galvanizing and fabrication services to related parties. In 2017, sales for these services totaled \$4,681,384, of which \$378,593 remained in trade accounts receivable at December 31, 2017.

Related-party notes receivable at December 31, 2017:

\$10,000,000 unsecured revolving note receivable from Hill & Smith Group Holdings Inc. bearing interest at one-month LIBOR plus 1.50% (effective rate of 2.87938% at December 31, 2017) and maturing on June 30, 2020.	\$ 7,000,000
\$10,000,000 unsecured revolving note receivable from Creative Pultrusions, Inc. bearing interest at one-month LIBOR plus 1.50% (effective rate of 2.87938% at December 31, 2017) and maturing on December 31, 2018.	2,750,000
\$12,000,000 unsecured revolving note receivable from Hill & Smith Inc. bearing interest at one-month LIBOR plus 1.50% (effective rate of 2.87938% at December 31, 2017) and maturing on December 31, 2018.	<u>6,700,000</u>
Related party notes receivable	<u>\$ 16,450,000</u>

The Company has accounts payable to a related party totaling \$33,915 at December 31, 2017. The amount is included with trade accounts payable.

(7) Guarantees

The Company maintains guarantees of \$50.0 million, \$42.0 million and \$25.0 million, or a total of \$117.0 million associated with the borrowings of the Member from an affiliated company. The guarantees were for the entire amount and term of the borrowings. The guarantees were made to ensure the sole member was able to fulfill the obligations of the borrowings. The Company is not required to accrue any liability relating to its stand ready obligation under the guarantee arrangements, as they are guarantees between entities under common control.

VOIGT & SCHWEITZER LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2017

(8) Surety Bonds

In connection with certain fabrication projects, the Company and certain affiliates enter into surety bond agreements which bind the Company and the affiliates to repay the surety company if the Company or its affiliates are unable to successfully complete fabrication projects. The maximum value of bonds that can be issued is \$10,000,000. As of December 31, 2017, there were no bonds outstanding.

(9) Intangible Assets

The Company has a brand name intangible asset as of December 31, 2017 with a gross carrying amount of \$583,843 and no accumulated amortization as it has an indefinite useful life.

(10) Contingencies

The Company monitors its compliance with the environmental laws and regulations in each applicable location as well as various other claims and legal actions arising in the ordinary course of business. In the opinion of management, at December 31, 2017, no material contingent liabilities exist. This estimate may change depending on future circumstances.

(11) Profit Sharing Plan

The Company maintains a 401(k) Profit Sharing Plan (the Plan) for the benefit of employees age 21 or over with six months of service. The Company matches eligible employee contributions up to a certain percentage of compensation, subject to plan and legal limits. Employees are 100% vested in employer contributions after 2 years of credited service. The Company made contributions totaling \$175,142 to the Plan during the year ended December 31, 2017.

(12) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 28, 2018, the date at which the consolidated financial statements were available to be issued, and determined there are no other items to disclose.