
INDUSTRIAL REVENUE BONDS

AND

TAX LEASE PROGRAM

APPLICATION

for assistance through

**the
County of Chautauqua
Industrial Development Agency**

**County of Chautauqua Industrial Development Agency
200 Harrison Street
Jamestown, New York 14701**

Phone: 716-664-3262

Fax: 716-664-4515

**Application for Financial Assistance
through the
County of Chautauqua
Industrial Development Agency**

The information listed on this form is necessary to determine the eligibility of the project applicant. Please fill in all blanks, using "NONE" or "NOT APPLICABLE" where necessary. If an estimate is given, put "EST" after the figure. Attach additional sheets if necessary. All information completed with this form will be treated confidentially. This application is only for the purpose of determining whether the applicant is eligible for consideration by the Board of Directors of the County of Chautauqua Industrial Development Agency. Return eight (8) copies of this application to the County of Chautauqua Industrial Development Agency at the address listed on the cover of this document.

PART 1

A. APPLICANT

Federal ID # 76-0720695

Company Name: National Bedding Company, LLC (DBA Serta Mattress Company)

Office Address: 2600 Forbs Ave.
Hoffman Estates, IL 60192

Telephone: (847) 645-0200 (Corporate Office)

Company officer completing this application:

Name: James F. Polark

Title: V.P. & CFO

1. Number of locations of present business facilities:

- a. County of Chautauqua: 1
- b. New York State: 2
- c. Outside New York State: 19

2. Business Organization (check appropriate categories):

Corporation Partnership
Sole Proprietorship Subchapter S
Other (Specify)

3. Is business publicly or privately held? Public Private

4. List principal stockholders and percentage of ownership if applicable:

| <u>Name</u> | <u>Percentage</u> | <u>Home Address</u> |
|--|-------------------|-------------------------|
| AOT Bedding Holdings Corp Estates, IL 60192 | 100% | 2600 Forbs Ave, Hoffman |

5. Is the business a subsidiary of, or affiliated directly or indirectly with any other organization? Yes No If "Yes" indicate relationship and name and address of the related organization(s) on a separate sheet.

6. Complete the following information:

| <u>Officers</u> | <u>Name</u> | <u>Address</u> | <u>Social Security Number</u> | <u>Other Principal Business Affiliations</u> |
|-----------------|-----------------|-------------------------------------|-------------------------------|--|
| President | Robert Sherman | 12 S. Wyndstone Dr N. Barrington IL | | None |
| V/P-CFO | James F. Polark | 806 S. School St., Mt. Prospect, IL | | None |
| CMO | Jay Patel | 1205 Fairhills Dr., West Dundee, IL | | None |
| CSO | William West | 1423 Lathrop Ave., River Forest, IL | | None |

B. References (these will be contacted):

1. Banking (List names of banks, account officers address and telephone number):
Bank of America Account # 86660-02185
Fax request to 803-765-8569. Will take 2 to 3 days
Credit Inquiry Services
SC3-250-02-60
P. O. Box 100116
2. Business Suppliers (List three largest accounts – names, addresses, telephone numbers, and list suppliers' terms of sale):
Leggett & Platt, Inc., Jay Sanders No.1 Leggett Road, Carthage, MO 64836-0757
(417) 358-8131
Jones Fiber Prod, Inc., Kenny Oliver 1184 Channel Avenue, Memphis, TN 38113
(901) 948-4469
Carpenter Company, Bob Steelman 200 Forrest Park Dr., Russellville, KY 42276
(502) 726-9513
3. Major customers (List three largest – names, addresses, telephone numbers, and show percentage (%) of gross business obtained from each):
Sam's Club (Div of WalMart) 702 SW 8th St, Bentonville, AR 72719, (479) 273-4016, 30.1% of business.
Big Lot's, 300 Phillipi Rd., Columbus, OH 43228, (614) 278-6956, 23.3% of business.
Mattress Discounters, 251 Clairton Blvd. Pittsburgh, PA 15236, (412) 655-8129, 18.4% of business.
4. What are your terms of sale? net 30
5. Current Landlord (List name, address and telephone number):
N/A
6. Legal Counsel (List name, address and telephone number):
Peter Ross
DLA Piper US LLP
203 North LaSalle Street
Suite 1900

Chicago, Illinois 60601
(312) 368-2178

C. Business Description

1. Describe type of business:
Manufacturing
2. Describe the principal products and services:
Bedding products (mattresses and boxsprings)
3. Describe the market(s) served:
North Eastern and Central Ohio, Northern West Virginia, Western and Central Pennsylvania, Western and Central New York

D. Present Location

1. If you rent:
 - a. What is the present annual rent (state whether firm has a gross or net lease):
 - b. When does the lease expire?
2. If you own:
 - a. What is the current annual mortgage payment? N/A
 - b. When does the mortgage terminate?
3. Describe present location (include square footage, number of buildings, number of floors, etc.)
87,500 sq. ft. in one (1) building on one (1) floor
4. List the current annual taxes by respective taxing jurisdictions:
 - a. Building(s): \$37,272
 - b. Land: \$500

E. Previous Financial Activities

1. What were your company's estimated capital expenditures in Chautauqua County, New York, during the past three (3) years? (Specify by place, year and amount.)
All expenditures at 2375 Parkway Drive, Falconer
2008 - \$20,000 ; 2007 - \$301,000; 2006 - \$24,000

2. Has your company ever been a recipient of funds obtained through tax-exempt or taxable bonds? Yes No If "Yes" give details below:
In 1999, the company received a \$3,500,000 business development bond related to the Jamestown facility that was paid in 2005.

3. Describe your company's effort to secure assistance or financing in the County of Chautauqua, or any other area, on a separate sheet.

F. Types of Financial Assistance Requested
(Cross out those which are not applicable.)

1. Industrial Development Revenue Bonds
 - A. Tax Exempt
 - B. Taxable

2. Tax Lease

3. Other loan(s). Describe:

Part 2

A. Describe the Project

(Include a general, functional description and prospective location.)

Building expansion of 35,000 sq. feet for manufacturing including an additional parking area for trailers and employees on the present 2375 Parkway Drive site.

B. Reasons for Project

1. Briefly describe the reasons why this project is necessary and what effect it will have on your business:
This expansion will allow the Falconer facility to handle additional volume in the territory without the need to transfer business to other plants outside the region.

2. If your business is unable to arrange suitable financing for this project, what will be the impact on your company and the County of Chautauqua? Would your company proceed with the project without Agency assistance and / or financing? Describe in detail:
Without this project business will be shifted to neighboring plants out of state.

C. Type of Project

1. Check category which best describes your project:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Manufacturing | <input checked="" type="checkbox"/> Warehousing |
| <input type="checkbox"/> Industrial Assembly | <input type="checkbox"/> Pollution Control |
| <input type="checkbox"/> Research | <input type="checkbox"/> Other (Specify) |

2. If pollution control, check appropriate items below:

- | | |
|------------------------------------|--|
| <input type="checkbox"/> Air | <input type="checkbox"/> Noise |
| <input type="checkbox"/> Water | <input type="checkbox"/> Solid Waste |
| <input type="checkbox"/> Air/Water | <input type="checkbox"/> Other (Specify) |

D. Proposed Location

1. Does the project consist of (check appropriate categories):

- | | | |
|--|---|--|
| a. Construction of a new building | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| b. Renovations to an existing building | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| c. Construction of an addition to an existing building | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| d. Acquisition of an existing building | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

If the Company is to acquire an existing plant, attach a photograph and indicate if it is in operation, about to be abandoned or abandoned. If in operation, describe present products.

List costs or orders made by Company for the project, at the date of this application, on a separate sheet.

2. Describe the proposed location(s) of this project, including square footage, number of floors, address, etc. (If new construction is involved or expansion of existing plant, attach proposed floor plan):
See attached.

3. List the present owner of the project site and the owner's name, address, and phone number. (If currently owned by the applicant, indicate date of purchase, reason for purchase and current use of the site):

Applicant purchased site in October 1999 to build a manufacturing plant. Currently the site is being used for manufacturing.

4. Does the project site currently have existing occupant(s)?
 Yes No

If "Yes", list all lessees, the amount of space occupied by each, and the date of termination of such leases on a separate sheet.

5. Is there a relationship legally or by virtue of common control between the applicant or present owner?
 Yes No

If "Yes", provide details on a separate sheet.

6. Does the Company have an option to purchase the project site or has a contract of sale been executed for such purchase? (If so, attach particulars.)
 Yes No

7. Has the Company placed any purchase orders or entered into any other agreements or contracts with respect to proposed project costs? (If so, attach particulars.)
 Yes No

E. Location Maintenance Costs

1. What are the real estate taxes on the land and the building? (If current rate is not available, give assessed value for each and so state.)

Land \$500

Building \$37,272

2. What is the estimated useful life of the:

a. Facility 30 years

b. Equipment 10 years

3. Is proposed Project site served by:

a. Transportation Rail Truck Air
 Water

b. Utilities Sewer Water Gas
 Electric Power

F. Employment

1. Employment at present time, if Company is now in existence within Chautauqua County, and an estimate of such employment at the proposed location at the end of one and two years:

| | <u>Present</u> | <u>First Year</u> | <u>Second Year</u> |
|------------|----------------|-------------------|--------------------|
| Full Time | 95 | 122 | 122 |
| Part Time* | 0 | 0 | 0 |
| Seasonal* | 0 | 0 | 0 |

*Estimate percent that total part time or seasonal working time bears to total annual full working time 0%.

Total \$

2. Estimate the annual payroll:

At present \$ 3,864,000

In one year \$ 4,809,000

G. Project Costs

1. List the costs necessary for the construction, acquisition or renovation of the project. (The project costs should **not** include working capital needs or moving expenses.)

| <u>Description</u> | <u>Amount</u> |
|-------------------------|---------------|
| Land | \$ |
| Building(s) | \$ 1,500,000 |
| Renovation | \$ |
| Machinery and Equipment | |

| | |
|---|------------|
| (Do not include furniture costs) | \$ 200,000 |
| Installation | \$ |

(G. Continued)

| | |
|--|---------------------|
| Fees (Do not include your own counsel fees) | \$ |
| Architectural Fees | \$ |
| Financial Charges (specify) | \$ |
| Other (specify) | \$ |
| Subtotal | \$ 1,700,000 |
| Agency Administrative Fee | \$ 1,000 |
| <u>Total Project Cost</u> | \$ |

2. What is the amount of funds and term requested for financing through the County of Chautauqua Industrial Development Agency?

\$ Years

H. Project Schedule

1. Indicate the estimated days for:
 - a. Financing of the project
 - b. Commence of construction July or August 2008
 - c. Completion of construction December 2008 or January 2009
2. List the date(s) and in what amount(s) the estimated funds will be required:

I. Other Agency Involvement

1. Have you contacted any other governmental agency in reference to this project?
 Yes No

If "Yes", please indicate the agency and the nature of the inquiry below:

2. Have you contacted any financing institutions or other industrial development agencies in New York State, or elsewhere, for financial assistance in reference to this project or one of a similar nature?
 Yes No

If "Yes", please indicate below the institution and / or agency and the present status of the inquiry:

J. Financial Information (attach the following)

1. Certified financial statements for the last three (3) fiscal years.

For Industrial Development Bonds (IDB) complete Questions 2, 3 & 4.

2. Pro forma sheet as at start of operations at project site.
3. Project profit and loss statements for first two (2) years of operation at projected site.
4. Projected "cash flow" statement, by quarters, for first year of operation at project site.

Certification

James F. Polark

(Name of chief ~~executive~~ ^{financial} officer of company submitting application)

deposed and says that he/she is the V.P. and CFO
(Title)

of National Bedding Company, LLC, the corporation named in attached application;
(Company name)

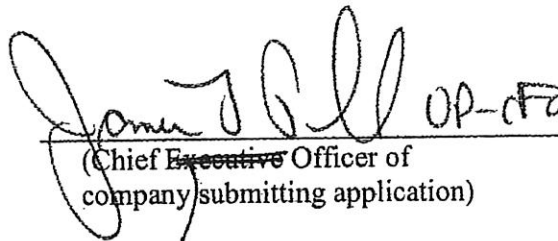
that he has read the foregoing application and attachments and knows the contents thereof; that the same is true to his knowledge, contains no information or data that is false or incorrect and is truly descriptive of the project which is intended as security for the requested financing.

Deponent further says the reason for this verification is made by the deponent and not by National Bedding Company LLC
(Company name)

is because the said company is a corporation. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of this application as well as information required by deponent in the course of his duties as an officer of and from the books and papers of said corporation.

As an officer of said corporation (hereinafter referred to as the "applicant") deponent acknowledges and agrees that applicant shall be and is responsible for all costs incurred by the non-profit County of Chautauqua Industrial Development Agency (hereinafter referred to as the "Agency") acting in connection with the attendant negotiations and ultimately the closing of the project and (or) financing. 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 invoice, applicant shall pay to the Agency, its agents or assigns all actual costs involved in conduct of the application and the drafting of documents up to that date and time, including fees of counsel for the Agency.

The costs incurred by the Agency and paid by the applicant, including the Agency's counsel's fees and the administrative fee, may be considered as a cost of the project and included as part of any resultant bond issue, subject to the limitations imposed by law.

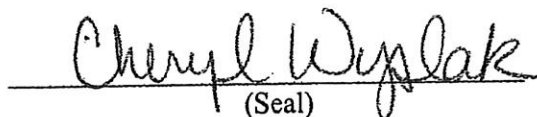


(Chief Executive Officer of
company submitting application)
Financial

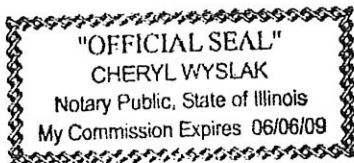
Notary

Sworn to before me this

7 day of July, 2008



(Seal)



INFORMATION NEEDED FOR COST BENEFIT ANALYSIS

Employment Impact

Please limit your answers in a – k to the project site:

- a. What is your estimated current yearly payroll? \$ 3,864,000
- b. What do you presently estimate paying to New York State in payroll taxes yearly before this project is undertaken? \$ 159,840
- c. What is your estimated yearly payroll one year after completion of your project?
\$ 4,809,000
- d. What do you estimate paying to New York State in payroll taxes one year after the completion of your project? \$ 200,000
- e. What is the present estimated average wage/salary plus fringe benefit total for each full-time equivalent? \$ 55,000
- f. What is the estimated average wage/salary plus fringe benefits total for each full-time equivalent one year after project completion? \$ 60,000
- g. If applicable, what are the estimated yearly aggregate average wage/salary plus fringe benefits to be lost as a result of this project? \$ 0
- h. Estimated number of construction jobs to be created. 75
- i. Estimated average wage for each construction job is \$ 20 per hour.
- j. What are the total estimated construction wages for this project? \$ 750,000
- k. What are the estimated New York State Income Taxes to be paid on these construction wages?
\$ 75,000 (\$750,000 wages * estimated 10% tax)

Note: All job openings are required to be on file with the New York state Department of Labor and the Chautauqua County Job Training Partnership Act Program.

Project Benefit

- A. Please attach the most recent tax bill(s) for each parcel of property that is part of this application. If you have not attached those bill(s), please explain why: _____

NOTE: The CCIDA's policy is not to abate real property taxes already paid on the proposed project site. Any request to abate any and/or all existing real property taxes is a deviation of the CCIDA policy.

B. Are you proposing to abate the existing real property taxes? Yes No
If yes, explain: _____

C. Are you requesting a real property tax abatement on these improvements included in this application?
 Yes No
If yes, is that abatement consistent with the CCIDA's uniform Payment in Lieu of Real Property Tax schedule? Yes No

D. What are the estimated *real property improvements* as a result of this project? 1,500,000

E. What are your estimated yearly purchase of goods and services relating to this project (excluding employee wages)? \$ 19,141,000

F. At the completion of this project, what do you estimate your yearly purchase of goods and services to be relating to this project (excluding employee wages)? \$ 23,000,000

G. Approximately how much sales tax do you now pay yearly to New York State? \$ 35,000

H. As a result of this project, how much sales tax do you expect to pay yearly to New York State?
\$ 35,000

I. Approximately what one time sales tax exemptions do you anticipate receiving as a result of this project? \$ 50,000 estimated (Please note manufacturing equipment used in the production of a product is generally exempt from sales tax.)

J. As a result of this project will there be any other public benefit to New York State, Chautauqua County and/or local government? Yes No
If yes, please explain: additional jobs and tax revenue

K. If the answer to question J is yes, what is the estimated monetary benefit for New York State, Chautauqua County and/or local governments? \$ Estimated 27 additional employees needed
How does this benefit local government? higher standard of living for area residents

CCIDA Cost/Benefit Analysis for _____ Project

Cost

Benefits

PROJECT SALES TAX IMPACT

| | | |
|---|--|--|
| Additional Purchases (1 st year following project completion) | | |
| Additional Sales Tax Paid on Additional Purchases | | |
| Estimated Additional Sales (1 st full year following project completion) | | |
| Estimated Additional Sales Tax to be collected on additional sales (1 st full year following project completion) | | |

PROJECT PAYROLL IMPACT

| | | |
|---|--|--|
| Additional Payroll (1 st full year following project completion) | | |
| Additional Project income for project construction workers | | |
| Additional Income Tax to NYS on construction workers project income | | |
| Additional Income Tax to NYS (1 st full year following project completion) | | |
| Reduction in estimated Income Tax to NYS | | |
| Additional Payroll (2 nd full year following project completion) | | |
| Additional estimated Income Tax to NYS (2 nd full year following project completion) | | |
| Reduction in estimated Income Tax to NYS | | |

REAL PROPERTY TAX IMPACT

| | | |
|---|--|--|
| PILOT Payments (1 st full year following project completion) | | |
| Average yearly PILOT payment (over 10-year period following project completion) | | |

MISCELLANEOUS TAX IMPACT

| | | |
|-----------------------------------|--|--|
| Mortgage Recording Tax impact | | |
| Agency Fees | | |
| Estimated value of other Economic | | |

| | | |
|----------|--|--|
| Benefits | | |
|----------|--|--|

Completed by _____

Title _____

Date

County of Chautauqua
Industrial Development Agency

FINANCIAL FEE STRUCTURE

REVOLVING LOAN FUNDS
1% of total loan

CIVIC FACILITIES BONDS
1% of total IDA project cost

INDUSTRIAL REVENUE BONDS
1% of total IDA project cost

TAX LEASES
1% of total IDA project cost

AN APPLICATION FEE OF \$250 IS DUE UPON SUBMISSION OF ALL LOAN APPLICATIONS

AN APPLICATION FEE OF \$1,000 IS DUE UPON SUBMISSION OF ALL BOND AND TAX LEASE APPLICATIONS

(Print Name)

Part 1
Question 5
Owner of Principal Shareholder

AOT Bedding Holdings Corporation is owned by the following entities:

Ares Management LLC (50% owner)
1999 Avenue of the Stars
Suite 1900
Los Angeles, CA 90067

Teachers Private Capital (50% owner)
5650 Yonge Street
8th Floor
Toronto, Ontario, Canada M2M 4H5