

RESOLUTION GRANTING APPROVAL OF AND AUTHORIZING THE GRANT OF CERTAIN FINANCIAL ASSISTANCE BY THE TOWN OF BABYLON INDUSTRIAL DEVELOPMENT AGENCY TO M C PACKAGING CORP AND MARC-ROBERT INDUSTRIAL LLC IN CONNECTION WITH THE RENOVATION AND EQUIPPING OF AN OFFICE, MANUFACTURING, WAREHOUSE AND DISTRIBUTION FACILITY IN THE TOWN OF BABYLON

WHEREAS, the Town of Babylon Industrial Development Agency (the "Agency") is authorized under the laws of the State of New York, and in particular under the provisions of the New York State Industrial Development Agency Act and the Agency's enabling legislation, respectively constituting Article 18-A and Section 907-a of the General Municipal Law (Chapter 24 of the Consolidated Laws of New York), as amended (the "Act"), to assist in providing for manufacturing, warehousing, research, civic, commercial and industrial facilities in the Town of Babylon; and

WHEREAS, MC Packaging Corp., a corporation duly organized and existing under the laws of the State of New York (the "Sublessee") and Marc-Robert Industrial LLC, a limited liability company duly organized and existing under the laws of the State of New York, or any other real estate holding entity formed by the principals of the Company ("Lessee") have heretofore entered into a straight lease transaction with the Town of Babylon Industrial Development Agency (the "Agency"), dated August 30, 2011, pursuant to which the Agency granted certain financial assistance to the Company with respect to approximately 200,000 square foot manufacturing and distribution facility used in Company's business as an office, manufacturing, warehouse and distribution facility in its business of manufacturing and distributing of consumer packaging and located on that certain approximately 9.27 acre parcel of land generally known as 120-140, 160 & 200 Adams Blvd, in Farmingdale, New York (the "Existing Facility"), in the Town of Babylon, New York (the "Town"); and

WHEREAS, representatives of the Sublessee and the Lessee have supplied information to the Agency with respect to a new project (the "Project") consisting of the renovation and re-equipping by the Lessee of the Existing Facility (the "Facility"), in the Town of Babylon, New York (the "Town"), for continued use and expansion by Sublessee as an office, manufacturing, warehouse and distribution facility in its business of manufacture and distribution of folding cartons, consumer packaging products; and

WHEREAS, representatives of the Sublessee have indicated that the Sublessee, which currently employs approximately 106 employees in the Town, is expanding its product line with additional print capabilities as well as updating manufacturing equipment at a cost of approximately \$1,500,000, which is necessary to preserve the competitive position of the Company in its industry; and

WHEREAS, in connection with such expansion of its product line the Sublessee is also undertaking the refinancing of the Facility; and

WHEREAS, in connection with the forgoing the Sublessee is considering relocating its facilities currently in the Town to new facilities to be constructed in New Albany, Ohio and such

relocation of the Sublessee's Facilities to New Albany, Ohio would result in a substantial loss of employment in the Town and a significant vacancy at a major industrial facility in the Town; and

WHEREAS, in order to induce the Lessee to retain and expand its operations at the Facility and to provide further investment into the Facility in the Town and retain and grow additional jobs in the Town, it appears necessary to assist the Lessee and the Sublessee by taking leasehold title to the Facility so as to afford the Sublessee and the Lessee certain relief from mortgage recording taxation, relief from real property taxation, and relief from sales and use taxation for a limited period; and

WHEREAS, it is contemplated that the Agency, the current owner of the Existing Facility, will cause the Existing Facility to be transferred to the Lessee pursuant to a deed (the "Deed") from the Agency to the Lessee and, pursuant to a Company Lease (the "Company Lease") from the Lessee to the Agency, the Lessee will lease the Existing Facility to the Agency, and the Agency will assist the Lessee and the Sublessee to undertake the Project and will lease or sublease the Facility to the Lessee pursuant to a lease agreement (the "Lease Agreement"), by and between the Lessee and the Agency, pursuant to which the Lessee agrees, among other things, to make lease payments in such amounts as specified in the Lease Agreement and it is intended that the Lessee will sublease the Facility to the Sublessee pursuant to a sublease agreement (the "Sublease Agreement"), by and between the Lessee and the Sublessee, pursuant to which the Sublessee agrees, among other things, to make sublease payments in such amounts as specified in the Sublease Agreement which shall equal all amounts due to the Agency under the Lease Agreement; and

WHEREAS, pursuant to the Lease Agreement and the Sublease Agreement, the Lessee and the Sublessee have agreed to make certain payments in lieu of real property taxes with respect to the Facility to the Agency; and

WHEREAS, in connection with the Agency's evaluation of the Project for the provision of financial assistance, the Agency has (i) assessed all material information relating to the project included in the Sublessee's project application (the "Project Application") in order to afford a reasonable basis for the decision of the Agency to provide financial assistance to the Project; and (ii) prepared and reviewed a written cost benefit analysis (the "Cost Benefit Analysis") for the Project in accordance with the Uniform Project Evaluation Criteria Policy of the Agency which identifies the extent to which (A) the Project will create or retain permanent, private sector jobs; (B) the estimated value of any tax exemption to be provided to the Project, (C) the amount of private sector investment generated or likely to be generated by the Project; (D) reviewed the likelihood of accomplishing the proposed project in a timely fashion; and (E) considered the extent to which the Project will provide additional sources of revenue for the Town and the school district where the Facility is located: and

WHEREAS, in connection with the adoption of this resolution the Agency has reviewed the Project Application and the Sublessee has confirmed in such Project Application that as of the date of the Projection Application, the Sublessee is in substantial compliance with the Act; and

WHEREAS, it is desired that the Agency authorize the granting of certain financial assistance to the Lessee and the Sublessee in connection with the Project and the Facility including exemption from mortgage recording taxes, real property taxes and sales and use taxes.

NOW, THEREFORE, BE IT DETERMINED, APPROVED AND RESOLVED by the members of the Agency as follows:

Section 1. With respect to the Agency's evaluation criteria for Manufacturing, Warehousing and Distribution Projects the Agency makes the following determinations:

- (a) It has reviewed the information in the Cost Benefit Analysis with respect to the Project.
- (b) The Sublessee proposes a capital investment in machinery and equipment and capital improvements in the Facility of approximately \$1,500,000 and the refinancing of its existing mortgage on the Facility.
- (c) The Project will not have significant impact on local labor construction in the Town.
- (d) Wage rates for the employees of the Sublessee average \$150,000 for 11 management employees, \$65,000 for 12 administrative employees, and \$50,000 for 83 administrative employees which is more than the median wage for the region.
- (e) The Sublessee will not have a significant impact on regional wealth creation.
- (f) The Project will not have a significant effect on in-region purchases.
- (g) The Project will not have a significant effect on energy efficiency.
- (h) The Project will not affect existing land use or zoning.
- (i) The Project is necessary in order to discourage the Sublessee from relocating its operations to a new location outside of the Town and the State of New York. The Project is also necessary to avoid a vacancy in a major industrial facility in the Town and the Project relates to a major industrial employer in the Town and is important to retain and expand the operation of manufacturing employment in the Town.

Section 2. Based on the evaluation of the foregoing evaluation criteria, (a) The Agency hereby finds and determines that (i) the Project constitutes a "Project" within the meaning of the Act; (ii) the Project is necessary for the Sublessee to preserve its competitive position in its industry; and (iii) the granting of mortgage recording tax abatements, real property tax abatements and sales and use tax abatements (collectively the "Financial Assistance") by the Agency with respect to the Facility pursuant to the Act, will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of the Town of Babylon, New York and

the State of New York and improve their standard of living, and thereby serve the public purposes of the Act.

(b) It is desirable and in the public interest for the Agency to grant Financial Assistance to the Sublessee and the Lessee with respect to the Project.

(c) The Agency shall grant Financial Assistance to the Lessee in the form of New York State and local Sales and Use Tax abatements as provided in Section 2.4 of the Lease Agreement and in the event of the occurrence of a recapture event under the Lease Agreement the Agency will pursue recapture of Financial Assistance as provided in Section 2.4 of the Lease Agreement.

Section 3. To accomplish the purposes of the Act, the Agency shall transfer the Existing Facility to the Lessee pursuant to the Deed, take leasehold title to the Facility pursuant to the Company Lease, assist the Lessee and Sublessee to undertake the Project and lease the Facility to the Lessee pursuant to the Lease Agreement. The Lessee shall sublease the Facility to the Sublessee pursuant to the Sublease Agreement.

Section 4. Pursuant to the Lease Agreement and Sublease Agreement, the Lessee or the Sublessee on behalf of the Lessee shall make certain payments in lieu of real property taxes ("Pilots") which would be otherwise due and payable with respect to the Facility.

Section 5. In order to provide the Lessee and the Sublessee with financial assistance with respect to exemption from New York State and local Sales and Use Taxes with respect to the Project the Agency may issue to the Lessee's agents certain sale tax authorization letters ("Sales Tax Authorization Letters") which shall be used pursuant to the terms contained therein and in the Lease Agreement.

Section 6. In order to secure amounts to be loaned by a mortgage lender acceptable to the Chief Executive Officer ("CEO") of the Agency or any other authorized representative to the Lessee with respect to the Project and the refinancing of the Facility, the Agency hereby authorizes the execution of one or more mortgages (collectively, the "Mortgages") granted at the initial closing of the "straight lease" transaction or any time thereafter during the term of the Lease Agreement, from the Agency and the Lessee to any mortgage lender acceptable to the CEO of the Agency or any other authorized representative, in form acceptable to the CEO of the Agency or any other authorized representative and Counsel to the Agency.

Section 7. The form and substance of the Deed in substantially the form previously approved by the Agency for other "straight lease" transactions is hereby approved.

Section 8. The form and substance of the Company Lease in substantially the form previously approved by the Agency for other "straight lease" transactions is hereby approved.

Section 9. The form and substance of the Lease Agreement in substantially the form previously approved by the Agency for other "straight lease" transactions is hereby approved.

Section 10. The form and substance of the Sublease Agreement in substantially the form previously executed for other "straight lease" transactions is hereby approved.

Section 11. The CEO of the Agency or any successor CEO of the Agency or any other authorized representative, is hereby authorized, on behalf of the Agency, to execute and deliver final forms of the Deed, the Company Lease, the Lease Agreement, Sales Tax Authorization Letters, the Mortgages and any other agreements or certificates consistent herewith (hereinafter collectively called the "Agency Documents"), all in substantially the forms previously executed by the Agency for other "straight lease" transactions acceptable to Agency Counsel, with such changes, variations, omissions and insertions in the Agency Documents as the CEO of the Agency or any other authorized representative of the Agency shall upon advice of counsel approve. The execution thereof by the CEO of the Agency or any other authorized representative shall constitute conclusive evidence of such approval.

The CEO of the Agency or any other authorized representative are further hereby authorized, on behalf of the Agency, to designate any additional authorized representatives including the Chairman, the Secretary or Assistant Secretary of the Agency, to execute any Agency Documents or certificates of the Agency authorized pursuant to this Resolution and determine the terms of the Agency Documents.

The Secretary, Assistant Secretary or Counsel to the Agency is hereby authorized to attest to the CEO's or any other authorized representative's signature on the foregoing documents and to impress or affix the seal or facsimile seal of the Agency thereto.

Section 12. The CEO of the Agency or any other authorized representative, the Chief Financial Officer ("CFO") of the Agency, the Chairman or the Secretary and any member of the Agency (as used in this resolution, the "Authorized Representatives") are hereby designated the authorized representatives of the Agency and each of them is hereby authorized and directed to cause the transactions as described in the Company Lease, the Lease Agreement and the Sublease Agreement to be undertaken and in relation thereto, to execute and deliver any and all papers, instruments, agreements, opinions, certificates, affidavits and other documents, and to do and cause to be done any and all acts and things necessary or proper for carrying out this resolution, and the Agency Documents including such changes or revisions in the forms of such documents as may be requested by counsel to the Agency.

Section 13. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute and deliver all such additional certificates, instruments, agreements and documents, pay all such fees, charges and expenses and to do all such further acts and things as may be necessary, or in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 14. All covenants, stipulations, obligations and agreements of the Agency contained in this resolution, and the Agency Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Agency to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Agency and its successors from time to time and upon any board or body to which any powers or duties, affecting such covenants, stipulations, obligations and agreements shall be transferred by

or in accordance with law. Except as otherwise provided in this resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Agency or the members thereof by the provisions of this resolution, and the Agency Documents shall be exercised or performed by the Agency or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

Section 15. No covenant, stipulation, obligation or agreement contained in this resolution, or the Agency Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Agency or the Town of Babylon in his or their individual capacity and neither the members of the Agency nor any officer shall be liable personally on the Agency Documents or be subject to any personal liability or accountability by reason of the execution thereof.

Section 16. The law firm Winston & Strawn LLP is hereby appointed transaction counsel to the Agency for this transaction.

Section 17. Notwithstanding the foregoing, the Agency will not grant any Financial Assistance to be granted hereunder in excess of \$100,000 to either of the Sublessee or the Lessee until the Agency has held a public hearing with respect to the grant of financial assistance in accordance with the provisions of the Act.

Section 18. This resolution shall take effect immediately.

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

I, Chris Ferencsik, the duly elected, qualified Secretary of the Town of Babylon Industrial Development Agency (the "Agency"), hereby certify that:

1. The foregoing is a true, correct and complete copy of the record of proceedings of the Agency had and taken at a lawful meeting of the Agency held at the Law Offices of John Braslow, 816 Deer Park Avenue, North Babylon, New York on November 15, 2016, commencing at the hour of 8:00 A.M., as recorded in the regular official book, of the proceedings of the Agency, those proceedings were duly had and taken as shown therein.

2. All members of the Agency and the public were duly notified of that meeting pursuant to law.

IN WITNESS WHEREOF, I have signed this certificate and affixed the seal of the Agency the 15th day of November, 2016.


Secretary

(SEAL)