

INDUCEMENT RESOLUTION
(Newton Falls Fine Paper Company, LLC)

A regular meeting of the St. Lawrence County Industrial Development Agency (“Issuer”) was convened in public session on December 5, 2006 at Phoebe’s Restaurant, 5994 State Highway 11, Canton, New York.

The meeting was called to order by the Chairman and, upon roll being called, the following members of the Issuer were:

| <u>MEMBER</u> | <u>PRESENT</u> | <u>ABSENT</u> |
|-----------------------|----------------|---------------|
| Walter Basmajian | | X |
| Lynn Blevins | X | |
| R. Shawn Gray | X | |
| Jon R. Greenwood | | X |
| Ernest LaBaff | X | |
| Brian W. Staples | X | |
| R. Joseph Weekes, Jr. | X | |

Also present: Raymond H. Fountain, CEO; Edwin Short, CFO; Patrick J. Kelly, Deputy Director; Rich Williams, Facilities Manager; Brian Norton, Economic Developer; Natalie Haggart, Administrative Assistant; William R. Small, Esq., Issuer Counsel; and Edmund J. Russell, III, Esq., Bond Counsel.

A motion was duly made and seconded. The following Resolution was placed before the members of the Issuer.

RESOLUTION OF THE ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (THE “ISSUER”) (1) DETERMINING COMPLIANCE WITH THE STATE ENVIRONMENTAL QUALITY REVIEW ACT WITH RESPECT TO THE ISSUANCE OF UP TO \$10,000,000 PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE BONDS (NEWTON FALLS FINE PAPER COMPANY, LLC PROJECT), SERIES 2006 FOR THE PURPOSE OF FINANCING THE COSTS OF A CERTAIN PROJECT (AS MORE FULLY DESCRIBED BELOW) FOR THE BENEFIT OF THE NEWTON FALLS FINE PAPER COMPANY, LLC (THE “COMPANY”); (2) DESCRIBING THE FORMS OF FINANCIAL ASSISTANCE BEING CONTEMPLATED BY THE ISSUER WITH RESPECT TO SUCH PROJECT; (3) APPOINTING THE COMPANY AS AGENT OF THE ISSUER FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, RENOVATING AND EQUIPPING THE PROJECT; AND (4) AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT.

RESOLUTION NO. 06-12-23

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 358 of the Laws of 1971 of the State of New York, (hereinafter collectively called the "Act"), the Issuer was created with the authority and power to issue its special revenue bonds for the purpose of, among other things, acquiring, constructing, reconstructing and equipping, manufacturing, warehousing, civic, research, commercial, or industrial facilities as authorized by the Act; and

WHEREAS, Newton Falls Fine Paper Company, LLC (the "Company"), a Delaware corporation authorized to do business under the laws of the State of New York having offices at 17 Bowers Road, Harvard, Massachusetts, 014501 has requested the issuance of industrial development revenue bonds in one or more issues or series in a maximum aggregate amount presently estimated at \$10,000,000 (the "Bonds") for the purpose of financing a certain project (the "Project") consisting of (A) the acquisition of approximately 4,380 acres of land located at 875 County Route 60, Newton Falls, New York (the "Land"), together with the existing buildings located thereon containing approximately 375,000 square feet (the "Buildings"); (B) the acquisition of machinery, equipment, fixtures and improvements on the Land and in and around the Facility (the "Existing Improvements"); (C) the refurbishment of Existing Improvements (the "Improvements"); (D) the installation in and around the Existing Improvements and Improvements of machinery, equipment and other tangible and personal property (the "Equipment" and collectively with the Land, Buildings, Existing Improvements, Improvements, the "Facility"); (E) paying certain costs and expenses incidental to the issuance of the Bonds' (F) the funding of a debt service reserve fund to secure the Bonds (the costs associated with items (A) through (F) above being hereinafter collectively referred to as the "Project Costs"); and (G) the lease (with an obligation to purchase) or sale of the Facility financed with the Bonds to the Company or such other person as may be designated by the Company and agreed upon by the Issuer; and

WHEREAS, the Issuer is contemplating providing financial assistance to the Company with respect to the Project (collectively, the "Financial Assistance") in the form of: (1) the issuance of the Bonds in an amount not to exceed the lesser of the Project Costs or \$10,000,000, and (2) exemptions from mortgage recording taxes in connection with the financing or subsequent refinancing of the Facility consistent with the policies of the Issuer; and

WHEREAS, the Issuer now desires to determine whether the issuance of the Bonds, the undertaking of the Project and the providing of contemplated financial assistance with respect to the same will be in conformance with Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (said law and regulations hereinafter collectively referred to as "SEQR"); and

WHEREAS, to aid the Issuer in making a determination whether the acquisition, construction, renovation and equipping of the Facility and the providing of the contemplated Financial Assistance will be in conformance with SEQR, the Company has submitted to the Issuer a completed Full Environmental Assessment Form dated October 23, 2006, (the "EAF") with respect to the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ISSUER AS FOLLOWS:

Section 1. Based upon the representations made by the Company to the Issuer in the Company's application the Issuer hereby finds and determines that:

(A) By virtue of the Act, the Issuer has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(B) It is desirable and in the public interest for the Issuer to (i) acquire title to or a leasehold interest in the Facility, (ii) sell or lease the Issuer's interest in the Facility to the Company pursuant to a sale agreement or lease agreement to be negotiated, and (iii) issue the Bonds to finance the Project Costs; and

(C) The Issuer has the authority to take the actions contemplated herein under the Act; and

(D) The action to be taken by the Issuer will induce the Company to undertake the Project, thereby increasing employment opportunities in St. Lawrence County, New York, and otherwise furthering the purposes of the Issuer as set forth in the Act; and

(E) The Project will not result in the removal of a civic, commercial, industrial, or manufacturing plant of the Company or any other proposed occupant of the Project from one area of the State of New York (the "State") to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project located within the State.

Section 2. Based upon a review of the Application and the EAF submitted to the Issuer, the Issuer determines that the action relating to the financing, acquisition, construction, renovation, equipping and operation of the Facility is an "unlisted" action, as that term is defined in SEQR. The Issuer also determines that the action will not have a "significant effect" on the environment and, therefore, an environmental impact statement will not be prepared. This determination constitutes a negative declaration for purposes of the SEQR. Notice of this determination shall be filed to the extent required by the applicable regulations under that Act or as may be deemed advisable by the Chairman or Chief Executive Officer of the Issuer or counsel to the Issuer.

Section 3. This resolution recognizes that the Issuer held a public hearing on November 27, 2006, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), and authorizes the Issuer to hold a public hearing as required by Article 18-A of the New York State General Municipal Law.

Section 4. The form and substance of a proposed inducement agreement (in substantially the form presented to this meeting and attached hereto as Exhibit A) by and among the Issuer and the Company setting forth the undertakings of the Issuer and the Company with

respect to the issuance of the Bonds and the development of the Facility (the “Agreement”) are hereby approved. The Chairman of the Issuer is hereby authorized, on behalf of the Issuer, to execute and deliver the Agreement, with such changes in terms and form as the Chairman shall approve. The execution thereof by the Chairman shall constitute conclusive evidence of such approval.

Section 5. The granting of the Financial Assistance, as contemplated by Paragraph 2 of this Resolution, shall be subject to:

- (A) the Company entering into the Agreement;
- (B) holding a public hearing as required by Article 18-A of the New York State General Municipal Law; and
- (C) agreement by the Issuer, the Company and the purchaser of the Bonds on mutually acceptable terms for the Bonds and for the sale and delivery thereof and mutually acceptable terms and conditions for the security for the payment thereof.

Section 6. The Company is herewith and hereby appointed the agent of Issuer to acquire, construct, renovate and equip the Facility

Section 7. The Company is hereby authorized to undertake the financing of the Facility with the Bonds.

Section 8. This resolution recognizes that the St. Lawrence County Board of Legislators has approved the issuance of the Bonds in accordance with the provisions of Section 147(f) of the Code at their regular meeting held on December 4, 2006.

Section 9. With respect to the issuance of the Bonds, the law firm of Underberg & Kessler LLP of Rochester, New York, is hereby appointed Bond Counsel to the Issuer.

Section 10. Counsel to the Issuer and Bond Counsel are hereby authorized to work with counsel to the Company and others to prepare for submission to the Issuer, all documents necessary to effect the authorization, issuance and sale of the Bonds, and reimbursement of the cost of all such work prior to the date hereof is hereby authorized to the extent permitted by the Code.

Section 11. The Chairman (or Vice Chairman) or Secretary of the Issuer is hereby authorized and directed to distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

Section 12. This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to vote on roll call, which resulted as follows:

| <u>MEMBER</u> | <u>AYE</u> | <u>NAY</u> | <u>ABSTAIN</u> | <u>ABSENT</u> |
|-----------------------|-------------------|-------------------|-----------------------|----------------------|
| Walter Basmajian | | | | X |
| Lynn Blevins | X | | | |
| R. Shawn Gray | X | | | |
| Jon R. Greenwood | | | | X |
| Ernest LaBaff | X | | | |
| Brian W. Staples | X | | | |
| R. Joseph Weekes, Jr. | X | | | |

The foregoing Resolution was thereupon declared duly adopted.

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

I, the undersigned Secretary of the St. Lawrence County Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of minutes of the meeting of the St. Lawrence County Industrial Development Agency (the "Issuer"), including the resolution contained therein, held on December 5, 2006, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Issuer and of such resolution set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

I FURTHER CERTIFY, that all members of said Issuer had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with such Article 7.

I FURTHER CERTIFY, that there was a quorum of the members of the Issuer present throughout said meeting.

I FURTHER CERTIFY, that as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Issuer this 5th day of December, 2006.

Lynn Blevins, Secretary

[SEAL]

EXHIBIT A

Form of Inducement Resolution