

### **Project Summary**

Favorite Plastic Corp. (the "Company"), a plastics extrusion manufacturer, and Utica Realty LLC, an affiliated real estate holding company, seek financial assistance in connection with the renovation and equipping of an existing approximately 67,700 square foot plastic extrusion and manufacturing facility located on an approximately 94,000 square foot parcel of land located in East Flatbush in Brooklyn (collectively, the "Project"). The total Project cost is approximately \$1,675,000 which includes \$1,200,000 for furnishings and equipment, \$400,000 for renovation and \$75,000 in fees.

### **Project Location**

1465 Utica Avenue,  
Brooklyn, New York 11234

### **Actions Requested**

- Inducement and Authorizing Resolution for an Industrial Incentive Program transaction.
- Adopt a SEQRA determination that the proposed project is a Type II action and therefore no further environmental review is required.

### **Anticipated Closing**

September 2016

### **Impact Summary**

<b>Employment</b>	
Jobs at Application:	40
Jobs to be Created at Project Location (Year 3):	3
<b>Total Jobs (full-time equivalents)</b>	<b>43</b>
<b>Projected Average Hourly Wage (excluding principals)</b>	<b>\$ 14.20</b>

<b>Estimated City Tax Revenues</b>	
Impact of Operations (NPV 25 years at 6.25%)	\$ 7,243,563
One-Time Impact of Renovation	95,746
<b>Total impact</b>	<b>\$ 7,339,309</b>

<b>Estimated Cost of Benefits Requested: New York City</b>	
Building Tax Exemption (NPV, 25 years)	\$ 587,820
Land Tax Abatement (NPV, 25 years)	1,088,929
MRT Benefit	0
Sales Tax Exemption	66,600
Agency Financing Fee	(22,613)
<b>Total Cost to NYC Net of Financing Fee</b>	<b>\$ 1,720,736</b>
<b>Estimated Cost of Benefits Requested: New York State</b>	
MRT Benefit	0
Sales Tax Exemption	\$ 64,750
<b>Total Cost to NYS</b>	<b>\$ 64,750</b>
<b>Overall Total Cost to NYC and NYS</b>	<b>\$ 1,785,486</b>

<b>Costs of Benefits Per Job<sup>1</sup></b>	
Estimated Total Cost of Benefits per Job	\$ 44,637
Estimated City Tax Revenue per Job	\$ 183,483

<sup>1</sup> Because this is an operating company, the number of jobs at application was used in the following calculations.

## **FAVORITE PLASTIC CORP.**

Comparison of Agency and As-of-Right Benefits	
Available As-of-Right Benefits (ICAP)	N/A
<b>Agency Benefits In Excess of As-of-Right Benefits</b>	<b>\$ 1,706,769</b>

### **Sources and Uses**

Sources	Total Amount	Percent of Total Financing
Equity	\$ 1,675,000	100%
<b>Total</b>	<b>\$ 1,675,000</b>	<b>100%</b>

Uses	Total Amount	Percent of Total Costs
Furnishings & Equipment	\$ 1,200,000	72%
Hard Costs	400,000	24%
Closing Costs	75,000	4%
<b>Total</b>	<b>\$ 1,675,000</b>	<b>100%</b>

### **Fees**

	Paid At Closing	On-Going Fees (NPV, 25 Years)
Agency Fee	\$ 14,513	
Project Counsel	25,000	
Annual Agency Fee	750	9,364
Total	40,263	9,364
<b>Total Fees</b>	<b>\$ 49,626</b>	

### **Financing and Benefits Summary**

The Company will finance the Project using its own funds as well as funds provided by the Company's owner. The financial assistance proposed to be conferred by the Agency will consist of payments in lieu of City real property taxes and exemption from City and State sales and use taxes.

### **Company Performance and Projections**

The Company is the largest film extrusion manufacturer operating in New York City. Plastics extrusion is a manufacturing process in which raw plastic in the form of plastic pellets are melted and formed into large rolls called film. The films are sold to plastic bag manufacturers who will print on the film and customize the bags based on customers' needs. The Company's products are used in all types of consumer goods packaging. The Company also produces permeated packing widely used by major shipping companies for their mailer bags. Over the last decade the Company has faced increased competition from domestic producers with more sophisticated equipment as well as overseas competitors, leading to a steep reduction in the Company's output from 40 million pounds of plastic film at its peak to 12 million pounds today. The new machinery will improve the efficiency of the production process and enable the Company to diversify into more profitable and high demand plastic film products. This Project will help the Company meet the demands of former customers who now require high end quality film. The Company estimated that with the new equipment it will be able to quickly increase sales to 18 million pounds of plastic film and rapidly return to profitability as shown on the projections below.

	<b><u>FY2015</u></b>	<b><u>FY2016</u></b>	<b><u>FY2017</u></b>	<b><u>FY2018</u></b>	<b><u>FY2019</u></b>	<b><u>FY2020</u></b>
Total Revenue	\$15,409,308	\$23,706,000	\$27,261,900	\$31,351,185	\$36,053,863	\$41,461,942
Total Expenses	\$17,700,749	\$22,635,000	\$25,801,425	\$28,868,389	\$32,395,397	\$36,451,457
Net Income Before Tax	\$(2,291,441)	\$1,071,000	\$1,460,475	\$2,482,796	\$3,658,466	\$5,010,486

## **FAVORITE PLASTIC CORP.**

### **Inducement**

- I. The Company is determined to expand its activities and need to upgrade its machinery and facility to remain competitive.
- II. The Company employs 40 full-time equivalent workers, of whom 25 are union members, and estimates adding another 3 within three years of the completion of the Project.
- III. The Company has identified suitable space outside of New York City.
- IV. Without the proposed financial assistance by the Agency, the Company would not be able to move forward with the Project.

### **UTEP Considerations**

The Agency finds that the Project meets one or more considerations from Section I-B of the Agency's Uniform Tax Exemption Policy ("UTEP"), including the following:

- I. The Project will create permanent private-sector jobs;
- II. Financial assistance is required to induce the Project; and
- III. The Project involves the plastic manufacturing industry, which the Agency seeks to retain and foster.

### **Applicant Summary**

The Company was formed in 1956 and grew from a small plastic bag company with a 5,000 square feet facility to a manufacturer of polyethylene films with over 67,000 square foot facility. In 1986, the Company acquired its current facility. The same year the Company was acquired by Spartech Corporation, a publicly listed company, which sold it again in 1992 to Hershey Friedman, the current owner.

#### **Hershey Friedman, President**

Mr. Friedman is a Canadian businessman who started his career by working for his family textile company. After having studied law and accounting at Montreal College, Mr. Friedman took over the family business and made it an enormous success by investing in the plastic packaging industry. Over the years he bought two dozen companies in that sector and currently owns one of the largest plastics manufacturers in North America. He acquired Favorite Plastic in 1992.

#### **Mitchell Kirschner, COO**

Mr. Kirschner attended Baruch College where he graduated with a degree in Business Administration. He joined the accounting firm of Laventhol & Horwath and went on to receive his CPA license. Spartech Corporation, a NYSE listed plastics holding company, hired him in 1989 as CFO when it purchased the Company and he has remained with the Company after Mr. Friedman acquired the Company in 1992. Mr. Kirschner is in charge of finance, administration, quality control, production and sales.

### **Employee Benefits**

The Company provides all its employees with healthcare coverage and paid sick days. The Company also offers all its employees access to a 401(k) and pension plan. Twenty-five employees of the company are members of the International Brotherhood of Teamsters - Local 810.

## **FAVORITE PLASTIC CORP.**

### **Recapture**

Pursuant to UTEP, all benefits subject to recapture for a 10-year period.

### **SEQRA Determination**

Type II Action which, if implemented, will not result in significant adverse environmental impacts. The completed Environmental Assessment Form for this project has been reviewed and signed by Agency staff.

### **Due Diligence**

The Agency conducted a background investigation of the Company and its principals and found no derogatory information.

<b>Compliance Check:</b>	Satisfactory
<b>Living Wage:</b>	Exempt
<b>Paid Sick Leave:</b>	Compliant
<b>Affordable Care Act:</b>	ACA Coverage Offered
<b>Bank Account:</b>	JP Morgan Chase Bank, N.A.
<b>Bank Check:</b>	Relationships are reported to be satisfactory.
<b>Supplier Checks:</b>	Relationships are reported to be satisfactory.
<b>Customer Checks:</b>	Relationships are reported to be satisfactory.
<b>Unions:</b>	Relationships are reported to be satisfactory.
<b>Vendex Check:</b>	No derogatory information was found.
<b>Attorney:</b>	Jeffrey Zwick Jeffrey Zwick & Associates, P.C., 266 Broadway Street – Suite 403, Brooklyn, New York 11211
<b>Accountant:</b>	Isaac Braun, CPA CREFA CORP. POB 155, Lawrence, New York 11559
<b>Consultant/Advisor:</b>	Rob Morel City One Real Estate LLC 2440 Broadway, Suite 245 New York, New York 10024
<b>Community Board:</b>	Brooklyn, CB 18

## **FAVORITE PLASTIC CORP.**

<b>Income Statement</b>	<b>31-Oct-14 FYE</b>	<b>30-Oct-13 FYE</b>	<b>30-Oct-12 FYE</b>	<b>YoY change FY13-FY14</b>	<b>YoY change FY12-FY13</b>
Gross Revenues	12,972,180	14,513,600	15,402,741	-11%	-6%
Returns and allowances	363,111	364,231	335,426		
Net revenues	12,609,069	14,149,369	15,067,315		
Costs	13,569,164	14,680,168	15,699,991	-8%	-6%
(% of sales)	105%	101%	102%		
Gross Profit	(960,095)	(530,799)	(632,676)	81%	-16%
(gross margin)	-7%	-4%	-4%		
Selling, General and Administrative Expenses					
Salaries and Wages	877,189	866,965	839,105		
Taxes and Licenses	62,346	62,713	64,172		
Pension, profit-sharing plans	201,072	217,900	246,545		
Employee benefit program	218,987	191,451	148,649		
Professional services fees	13,945	13,299	25,090		
Office expenses	24,773	26,932	25,034		
Printing / Postage	4,896	14,970	8,068		
Telephone	19,343	12,483	19,768		
Insurance	237,825	277,771	279,662		
Sales expenses	4,295	4,546	7,336		
Bank fees	1,624	538	567		
Workers Comp Insurance	6,934	7,116	7,221		
Travel Costs	71,086	68,330	72,157		
Meals and Entertainment	425	837	1,961		
	1,744,740	1,765,851	1,745,335	-1%	1%
Net Income	<u>(2,704,835)</u>	<u>(2,296,650)</u>	<u>(2,378,011)</u>	18%	-3%

## FAVORITE PLASTIC CORP.

<b>Balance Sheet</b>	<b>31-Oct-14 FYE</b>	<b>30-Oct-13 FYE</b>	<b>30-Oct-12 FYE</b>	<b>YoY change FY13-FY14</b>	<b>YoY change FY12-FY13</b>
Current Assets:					
Cash and cash equivalents	(852,809)	(428,385)	(484,882)		
Accounts receivable, less allowances	3,869,159	3,644,282	3,874,746		
Inventories	3,838,079	5,491,537	4,869,042		
Prepaid expenses	649,852	632,485	679,962		
Due from affiliates	1,863,674	1,863,674	1,863,674		
Deferred Tax Asset	104,866	104,866	104,866		
Total Current Assets:	9,472,821	11,308,459	10,907,408	-16%	4%
Property and Equipment, net:	1,344,269	1,318,702	1,300,179	2%	1%
Other Assets:					
Due from affiliates	1,069,298	1,067,298	1,066,923	0%	0%
<b>TOTAL ASSETS</b>	<b>11,886,388</b>	<b>13,694,459</b>	<b>13,274,510</b>	<b>-13%</b>	<b>3%</b>
Current Liabilities:					
Accounts payable	24,211,438	23,309,454	20,506,064		
State Tax payable	652	(2,806)	(6,577)		
Accrued liabilities	1,598,449	1,598,449	1,598,449		
Union dues payable	0	0	972		
Total Current Liabilities:	25,810,539	24,905,097	22,098,908	4%	13%
Stockholder's Equity					
Capital stock	1,000	1,000	1,000		
Additional Paid-in capital	2,349,000	2,349,000	2,349,000		
Retained earnings	(16,274,351)	(13,560,638)	(11,174,398)		
Total Stockholder's Equity	(13,924,351)	(11,210,638)	(8,824,398)	24%	27%
Total Liabilities & Stockholder's Equity	11,886,188	13,694,459	13,274,510	-13%	3%



# **Favorite Plastics**

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## ***Flexible Packaging***

March 18, 2016

Mr. Shin Mitsugi  
**New York City IDA / EDC**  
110 William St.  
New York, NY 10038

Dear Mr. Mitsugi,

Favorite Plastic Corp. is the largest film extrusion manufacturer still operating in New York City. New York City used to be the home of many other large plastic film manufacturing companies including Glopac Inc.-- Consolidated Packaging Inc. -- Allied Extruders Inc.--- Polly Craft Plastics Inc.--- Reliable Poly Plastic Inc.-- Manhattan Polybag Inc.--- just to name a few. All these companies relocated to cheaper locales in New Jersey, Long Island and elsewhere. Easily 250 employees lost their jobs within the City.

We are hoping that with the help of the New York City IDA, our company can expand in our existing Utica Avenue facility and keep our 40 mostly union and minority workers in Brooklyn. Our industry is extremely competitive as all our competitors have relocated to other locations taking advantage of cheaper real estate and operating costs, as well as larger facilities. We are operating at capacity and the only way to remain in New York City is to upgrade our machinery and our facility so we can manufacture a higher end product more efficiently and expand into different lines of production. Without the help of the New York City IDA in securing a 25 year property tax abatement and some sales tax relief we will be forced into other options.

One of those options is to relocate our facility to New Jersey, following the footsteps of our competitors. We have looked at a 30,000 ft.<sup>2</sup> industrial warehouse building which has heavy power and could easily be converted into a new satellite or fully relocated Favorite Plastic plant. The facility has 15,000 ft.<sup>2</sup> of parking and immediate expansion space, as well as 35,000 ft.<sup>2</sup> of land also available for future expansion. The property is only 10 miles from the George Washington Bridge and 7 miles to Lincoln Tunnel so we could easily service our New York City, Long Island and national customers. The New Jersey property was on the market for \$3,250,000 and we could easily sell our Utica property for \$9 million and fund the relocation and machinery upgrade.

We cannot consider the significant upgrade to our current facility without the assistance of the New York City IDA. We hope that the IDA will approve our project so we can remain in Brooklyn and continue to expand operations in New York City. I thank you for considering our request.

Sincerely,



Mitchell Kirschner,

1465 Utica Ave. • Chief Operating Officer • New York 11234 • Tel. (718) 253-7000 • Fax: (718) 377-1918 • [www.favoriteplastics.com](http://www.favoriteplastics.com)

Resolution inducing the financing of a manufacturing facility for Favorite Plastic Corp. as a Straight-Lease Transaction and authorizing and approving the execution and delivery of agreements in connection therewith

WHEREAS, New York City Industrial Development Agency (the “Agency”) is authorized under the laws of the State of New York, and in particular the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the “Act”), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, Favorite Plastic Corp. (the “Applicant”) has entered into negotiations with officials of the Agency for the renovation, furnishing and equipping of a manufacturing facility (the “Facility”), consisting of the renovation and equipping of an existing approximately 67,700 square foot plastic extrusion and manufacturing facility located on an approximately 94,000 square foot parcel of land located at 1465 Utica Avenue, Brooklyn, New York 11234, all for the use by the Applicant in its operations as a film extrusion manufacturer, for lease to the Agency by Utica Realty LLC or another real estate holding company (the “Company”) to be formed and affiliated with the Applicant, and sublease by the Agency to the Company for subsequent sub-sublease to the Applicant, and having an approximate total project cost of approximately \$1,675,000 (the “Project”); and

WHEREAS, the Applicant has submitted a Project Application (the “Application”) to the Agency to initiate the accomplishment of the above; and

WHEREAS, the Application sets forth certain information with respect to the Applicant and the Project, including the following: that the Applicant is currently located in Brooklyn, New York, and employs approximately 40 full time equivalent employees within The City of New York (the “City”); the Project will allow the Applicant to be more efficient, to expand the Applicant’s product line and to employ more persons; that the Applicant has investigated alternative facilities in New Jersey but would prefer to remain within the City; that the Applicant expects to employ approximately 3 additional full time equivalent employees within the three years following the completion of the Project; that the Applicant must obtain Agency financial assistance in the form of a straight-lease transaction to enable the Applicant to proceed with the Project and thereby remain and expand its operations in the City; and that, based upon the financial assistance provided through the Agency, the Applicant desires to proceed with the Project and remain and expand its operations in the City; and

WHEREAS, based upon the Application, the Agency hereby determines that Agency financial assistance and related benefits in the form of a straight-lease transaction between the Agency and the Applicant and the Company are necessary to induce the Applicant to remain and expand its operations in the City; and



WHEREAS, in order to provide financial assistance to the Applicant and the Company for the Project, the Agency intends to grant the Applicant and the Company financial assistance through a straight-lease transaction in the form of real property tax abatements and sales tax exemptions all pursuant to the Act;

NOW, THEREFORE, NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY HEREBY RESOLVES AS FOLLOWS:

Section 1. The Agency hereby determines that the Project and the provision by the Agency of financial assistance to the Applicant and the Company pursuant to the Act in the form of a straight-lease transaction will promote and is authorized by and will be in furtherance of the policy of the State of New York as set forth in the Act and hereby authorizes the Applicant and the Company to proceed with the Project. The Agency further determines that:

(a) the Project shall not result in the removal of any facility or plant of the Applicant or the Company or any other occupant or user of the Facility from outside of the City (but within the State of New York) to within the City or in the abandonment of one or more facilities or plants of the Applicant or the Company or any other occupant or user of the Facility located within the State of New York (but outside of the City);

(b) no funds of the Agency shall be used in connection with the Project for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given in connection with the Project to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State of New York; and

(c) not more than one-third of the total Project cost is in respect of facilities or property primarily used in making retail sales of goods or services to customers who personally visit such facilities within the meaning of Section 862 of the New York General Municipal Law.

Section 2. To accomplish the purposes of the Act and to provide financial assistance to the Applicant and the Company for the Project, a straight-lease transaction is hereby authorized subject to the provisions of this Resolution.

Section 3. The Agency hereby authorizes the Applicant and the Company to proceed with the Project as herein authorized. The Applicant and the Company are authorized to proceed with the Project on behalf of the Agency as set forth in this Resolution; provided, however, that it is acknowledged and agreed by the Applicant and the Company that (i) nominal leasehold title to or other interest of the Agency in the Facility shall be in the Agency for purposes of granting financial assistance, and (ii) the Applicant and the Company are hereby constituted the agents for the Agency solely for the purpose of effecting the Project, and the

Agency shall have no personal liability for any such action taken by the Applicant or the Company for such purpose.

Section 4. The execution and delivery of a Company Lease Agreement from the Company leasing the Facility to the Agency, an Agency Lease Agreement from the Agency subleasing the Facility to the Company (the "Lease Agreement") (for sub-sublease to the Applicant) and the acceptance of a Guaranty Agreement from the Company, the Applicant and the Applicant's and the Company's owners and/or principals in favor of the Agency (the "Guaranty Agreement") (each document referenced in this Section 4 being, collectively, the "Agency Documents"), each being substantively the same as approved by the Agency for prior transactions, is hereby authorized. The Chairman, Vice Chairman, Executive Director, Deputy Executive Director and General Counsel of the Agency are each hereby authorized to execute, acknowledge and deliver each such Agency Document. The execution and delivery of each such agreement by one of said officers shall be conclusive evidence of due authorization and approval.

Section 5. The officers of the Agency and other appropriate officials of the Agency and its agents and employees are hereby authorized and directed to take whatever steps may be necessary to cooperate with the Applicant and the Company to assist in the Project.

Section 6. All covenants, stipulations, obligations and agreements of the Agency contained in this Resolution and contained in 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 or 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.

No covenant, stipulation, obligation or agreement herein contained or contained in the Agency Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, director, officer, agent or employee of the Agency in his or her individual capacity and neither the members nor the directors of the Agency nor any officer executing any Agency Document shall be liable personally for any amounts payable thereunder or arising from claims thereon or be subject to any personal liability or accountability by reason of the execution and delivery or acceptance thereof.

Section 7. The officers of the Agency are hereby designated the authorized representatives of the Agency, and each of them is hereby authorized and directed to execute and deliver any and all papers, instruments, 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. The Agency recognizes that due to the unusual complexities of the transaction it may become necessary that certain of the terms approved hereby may require

modifications which will not affect the intent and substance of the authorizations and approvals by the Agency herein. The Agency hereby authorizes the Chairman, Vice Chairman, Executive Director, Deputy Executive Director or General Counsel to approve modifications to the terms approved hereby which do not affect the intent and substance of this Resolution. The approval of such modifications shall be evidenced by a certificate of determination of an Agency officer.

Section 8. Any expenses incurred by the Agency with respect to the Project shall be paid by the Applicant. By acceptance hereof, the Applicant agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Project.

Section 9. This Resolution is subject to approval based on an investigative report with respect to the Applicant and the Company. The provisions of this Resolution shall continue to be effective for one year from the date hereof, whereupon the Agency may, at its option, terminate the effectiveness of this Resolution (except with respect to the matters contained in Section 8 hereof).

Section 10. The Agency, as lead agency, is issuing this determination pursuant to the State Environmental Quality Review Act ("SEQRA") (Article 8 of the Environmental Conservation Law) and implementing regulations contained in 6 N.Y.C.R.R. Part 617. This determination is based upon the Agency's review of information provided by the Applicant and such other information as the Agency has deemed necessary and appropriate to make this determination.

The Agency has determined that the proposed action is a Type II action, pursuant to 6 NYCRR Part 617.5(c)(2), 'replacement, rehabilitation or reconstruction of a structure or facility, in kind, on the same site, including upgrading buildings to meet building or fire codes...' which would not result in adverse environmental impacts requiring the preparation of an Environmental Impact Statement.

Section 11. In connection with the Project, the Applicant and the Company each covenant and agree to comply, and to cause their respective contractors, subcontractors, agents, persons or entities to comply, with the requirements of General Municipal Law Sections 875(1) and (3), as such provisions may be amended from time to time.

(1) The Applicant and the Company each acknowledge and agree that pursuant to General Municipal Law Section 875(3) the Agency shall have the right to recover, recapture, receive, or otherwise obtain from the Applicant and/or the Company New York State sales or use tax savings taken or purported to be taken by the Applicant or the Company, and any agent or any other person or entity acting on behalf of the Applicant or the Company, to which the Applicant or the Company is not entitled or which are in excess of the maximum sales or use tax exemption amount authorized in Section 12 of this Resolution or which are for property or services not authorized or taken in cases where the Applicant or the Company, or any agent or any other person or entity acting on behalf of the Applicant or the Company, failed to comply

with a material term or condition to use property or services in the manner required by this Resolution or any agreements entered into among the Agency, the Applicant, the Company and/or any agent or any other person or entity acting on behalf of the Applicant or the Company. The Applicant and the Company shall, and shall require each agent and any other person or entity acting on behalf of the Applicant and/or the Company, to cooperate with the Agency in its efforts to recover, recapture, receive, or otherwise obtain such New York State sales or use tax savings and shall promptly pay over any such amounts to the Agency that it requests. The failure to pay over such amounts to the Agency shall be grounds for the Commissioner of the New York State Department of Taxation and Finance (the "Commissioner") to assess and determine New York State sales or use taxes due from the Applicant and/or the Company under Article Twenty-Eight of the New York State Tax Law, together with any relevant penalties and interest due on such amounts.

(2) The Applicant and the Company are hereby notified (provided that such notification is not a covenant or obligation and does not create a duty on the part of the Agency to the Applicant or the Company or any other party) that the Agency is subject to certain requirements under the General Municipal Law, including the following:

(i) In accordance with General Municipal Law Section 875(3)(c), if the Agency recovers, recaptures, receives, or otherwise obtains, any amount of New York State sales or use tax savings from the Applicant, the Company, any agent or other person or entity, the Agency shall, within thirty days of coming into possession of such amount, remit it to the Commissioner, together with such information and report that the Commissioner deems necessary to administer payment over of such amount. The Agency shall join the Commissioner as a party in any action or proceeding that the Agency commences to recover, recapture, obtain, or otherwise seek the return of, New York State sales or use tax savings from the Applicant or the Company or any other agent, person or entity.

(ii) In accordance with General Municipal Law Section 875(3)(d), the Agency shall prepare an annual compliance report detailing its terms and conditions described in General Municipal Law Section 875(3)(a) and its activities and efforts to recover, recapture, receive, or otherwise obtain State sales or user tax savings described in General Municipal Law Section 875(3)(b), together with such other information as the Commissioner and the New York State Commissioner of Economic Development may require. Such report shall be filed with the Commissioner, the Director of the Division of the Budget of The State of New York, the New York State Commissioner of Economic Development, the New York State Comptroller, the Council of the City of New York, and may be included with the annual financial statement required by General Municipal Law Section 859(1)(b). Such report shall be filed regardless of whether the Agency is required to file such financial statement described by General Municipal Law Section 859(1)(b). The failure to file or substantially complete such report shall be deemed to be the failure to file or substantially complete the statement required by such General Municipal Law Section 859(1)(b), and the consequences shall be the same as provided in General Municipal Law Section 859(1)(e).

(3) The foregoing requirements of this Section 11 shall apply to any amounts of New York State sales or use tax savings that the Agency recovers, recaptures, receives, or otherwise obtains, regardless of whether the Agency, the Applicant, the Company or any agent or other person or entity acting on behalf of the Applicant or the Company characterizes such benefits recovered, recaptured, received, or otherwise obtained, as a penalty or liquidated or contract damages or otherwise. The foregoing requirements shall also apply to any interest or penalty that the Agency imposes on any such amounts or that are imposed on such amounts by operation of law or by judicial order or otherwise. Any such amounts or payments that the Agency recovers, recaptures, receives, or otherwise obtains, together with any interest or penalties thereon, shall be deemed to be New York State sales or use taxes and the Agency shall receive any such amounts or payments, whether as a result of court action or otherwise, as trustee for and on account of New York State.

Section 12. In connection with the Project, the Agency intends to grant the Applicant and the Company real property tax abatements and sales and use tax exemptions in an amount not to exceed \$131,350.

Section 13. This Resolution shall take effect immediately

ADOPTED: June 14, 2016

Accepted: \_\_\_\_\_, 2016

UTICA REALTY LLC

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

Name:

Title:

FAVORITE PLASTIC CORP.

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

Name:

Title: