

MEETING HELD JULY 28, 1999

A meeting of the Industrial Development Agency of the Village of Port Chester, New York, was held on Wednesday, July 28, 1999 at 6:30 P.M., at 10 Pearl Street, Port Chester, New York with Chairperson, Marianne Cotter presiding.

Present were members John Heinsch, Al Wesley and John Ryan.

It should be noted that members Angelo Rubino, Jr., Louis Passerelli and Robert Rodriguez were absent.

Also present was Mark Tulis, IDA counsel.

Joseph Carlucci, attorney for the applicant made a presentation on behalf of the applicant.

**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT
AGENCY INDUCEMENT RESOLUTION AND DECLARATION OF THE
AGENCY'S OFFICIAL INTENT TO REIMBURSE EXPENDITURES OF
THE COMPANY WITH PROCEEDS OF AGENCY INDUSTRIAL
DEVELOPMENT REVENUE BONDS (THE "BONDS")**

Regarding the Grace 21 Associates, L.L.C. (AlbumX Project)

On motion of COMMISSIONER HIENSCH, seconded by COMMISSIONER RYAN, the following resolution was adopted by the Industrial Development Agency of the Village of Port Chester, New York.

WHEREAS, the New York State Industrial Development Agency Act and the Agency's enabling legislation, respectively constituting Article 18-A and Section 900-a of the General Municipal Law (Chapter 24 of the Consolidated Laws of New York) (the "Act") authorizes the Agency (1) to promote the economic welfare, recreational opportunities and prosperity of its inhabitants, and (2) to promote, attract, encourage and develop recreation and economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration; and

WHEREAS, an application dated July 23, 19999 has been submitted to the Agency by or on behalf of Grace 21 Associates, L.L.C. (together with AlbumX Corp. and other project sponsor or participant, if different, the "Company") requesting assistance in

financing a proposed project in the Village of Port Chester, New York consisting of the acquisition and renovation of a building on approximately 50,000 sq. ft. of land, the building thereon, including mezzanine space of approximately 12,000 sq. ft., being approximately 62,000 sq. ft. in size, together with the acquisition and installation therein of machinery and equipment related thereto, all to be used for the manufacturing of high quality photo albums for use by professional photographers (the "Project"), to be located at 21 Grace Church Street (a/k/a 106 Purdy Avenue), in the Village of Port Chester, New York (the "Project Site") as more fully described in the application; and

WHEREAS, in its application the Company has represented that the Project is expected to maintain or increase employment in the State of New York (the "State") and in the Village of Port Chester, New York, and has made additional factual representations concerning itself and the Project upon which the Agency is relying in adopting this resolution; and

WHEREAS, in its application for assistance the Company has made further representations with respect to the qualification of the Project as an industrial facility project under Section 854 of the Act, and the Company has represented and the Agency has determined that such qualification is supported by the information presented in the application; and

WHEREAS, the Company has requested that the Agency grant to the Company certain financial assistance with respect to the Project including relief from certain real property taxation, certain sales and use taxation and mortgage recording taxation; and

WHEREAS, pursuant to the grant of financial assistance the Company will agree to indemnify the Agency against certain losses, claims, expenses, damages and liabilities which may arise in connection with the transactions contemplated; and

WHEREAS, a public hearing will be held so that all persons with views in favor of or opposed to the issuance of the Bonds and/or a "Straight-Lease Transaction" pursuant to Section 854 (15) of the Act and grant of financial assistance contemplated by the Agency or the location or nature of the Project, can be heard; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law (the SEQR Act") and the regulations of the Department of Environmental Conservation of the State of New York thereunder (the "DEC Regulations"), the Agency constitutes a "State Agency"; and

WHEREAS, the Agency has made no determination with respect to the Project under the SEQR Act; and

WHEREAS, the Agency must state its reasonable expectation to reimburse expenditures for the Project with proceeds of bonds in order to qualify such expenditures for financing by the Bonds; and

WHEREAS, the Agency intends to induce the Company to proceed with the development of the Project pending completion of arrangements by the Company and the Agency for the issuance and sale of Bonds to provide long term financing for the Project and/or the closing of a "Straight-Lease Transaction" pursuant to Section 854 (15) of the Act;

NOW, THEREFORE, the Village of Port Chester Industrial Development Agency hereby resolves as follow:

Section 1. Qualification of Project. The Agency hereby determines that the undertaking and completion of the Project and the financing thereof by the Agency is authorized by the Act and will be in furtherance of the policy of the State of New York as set forth therein, and that there will be no net loss of jobs in the Village as a result of the Project.

Section 2. SEORA. The Agency hereby finds and determines that this Resolution constitutes a determination of technical requirements within the meaning of Section 617.5(c)(28) of the DEC Regulations and does not constitute, and shall not be deemed to constitute, either an approval by the Agency of the Project for purposes of the SEQR Act or a commitment by the Agency to issue the Bonds.

Section 3. Relocation Determination. The Agency hereby determines, based on the representations of the Company that, to the extent that the completion of the Project will result in the removal of an industrial, manufacturing, warehousing or commercial plant or facility of the Company from one area of the State to another area of the State or in the abandonment of one or more of the plants or facilities of the Company within the State, the financing and/or assistance to and completion of the Project is reasonably necessary to discourage the Company from removing its operations at existing plants and facilities in the State to a location outside the State and is reasonably necessary to preserve the competitive position of the Company in its industry.

Section 4. Authorization to Proceed. The Company is authorized to undertake and complete the Project and to advance such funds as may be necessary therefor, all such expenditures to be reimbursable to the Company out of the proceeds of the Bonds to be issued by the Agency. Any action heretofore taken by the Company in initiating the Project is hereby ratified, confirmed and approved.

Section 5. Assistance of Company. The members, representatives, and agents of the Agency are hereby authorized and directed to take all actions deemed appropriate to assist the Company in commencing and carrying out the Project.

Section 6. Issuance of Bonds. The Agency will issue, sell and deliver its industrial development revenue bonds to finance the Project in the amount of \$3,694,500 or such greater or lesser amount (not to exceed \$4,750,000) as may be required based on the Company's final cost certification, subject to agreement among the Agency, the Company and the purchaser of the Bonds as to the amount, interest rate, maturity, security, redemption provisions and other terms and conditions of the issue and subject to the receipt by the Agency of a private activity bond allocation from the State of New York. The Bonds will be special obligations of the Agency payable solely from the revenues and other receipts, funds or moneys derived from the financing agreement entered into by the Agency with the Company or others with respect to the Project.

Section 7. No Recourse or Personal Liability. No provision of this resolution or the Bonds or "Straight-Lease Transaction" documents or any other related document shall constitute or give rise to a charge upon the general credit of the Agency or impose upon the Agency a pecuniary liability except may be payable from the limited sources set

forth above. No recourse shall be had for the payment of the Bonds or the performance of any obligation in connection therewith against any member, representative or agency of the Agency, or is or shall any such person become personally liable for any such payment or performance.

Section 8. Public Hearing. The Agency will call a public hearing with respect to the Project subsequent to the adoption herein in accordance with Section 859-a of the General Municipal Law of New York. No Bonds shall be issued or financial assistance of the Agency granted to or on behalf of the Company hereunder until a public hearing regarding the Project shall be held by the Agency in accordance with Section 859-a of the General Municipal Law of New York. The time and date of the Public Hearing shall be determined by the Chairman or Assistant Secretary of the Agency in accordance with Section 859-a of the General Municipal Law of New York.

Section 9. Effect of Resolution. In adopting this resolution, notwithstanding any other provision hereof, the Agency assumes no responsibility for obtaining or assisting the Company in obtaining financing for the Project. This resolution is not a contract between the Agency and the Company and it shall not be construed as such.

Section 10. Expiry of Resolution. This resolution may be deemed by the Agency to have expired at any time after thirty-six months from the date, hereof (a) extended by the Company with the consent of the Agency and by payment of the Agency's extension fee of \$100, or (b) the financing has been committed or closed. Any extension or renewal will be for an additional thirty-six month period.

Section 11. Appointment of Agency Counsel. The law firm of Oxman Geiger Natale & Tulis, P.C., is hereby directed to commence work as Agency Counsel with respect to the bonds.

Section 12. Appointment of Bond Counsel. The law firm of Nixon Peabody LLP is hereby directed to commence work as Bond Counsel with respect to the Bonds.

Section 13. Effective Date. The resolution shall take effect immediately.

ROLL CALL

AYES: Commissioners Cotter, Hiensch, Ryan and Wesley

NOES: None

ABSENT: Commissioners Rubino, Jr. and Rodriguez

On motion of COMMISSIONER WELSEY, seconded by COMMISSIONER HIENSCH, the following resolution was adopted by the Industrial Development Agency of the Village of Port Chester, New York.

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Sections 854(4) and 859-a(2) of the New York General Municipal Law, as amended and Section 147(f) of the Internal Revenue Code of 1986, as amended, will be held by the Village of Port Chester Industrial Development Agency (the "Agency") on the 10th day of September, 1999 at 10:00 o'clock a.m., local time, at 10 Pearl Street, Port Chester, New York 10573, in connection with the following matter:

21 GRACE ASSOCIATES, L.L.C., a limited-liability company duly organized and existing under the laws of the State of New York, having offices in Port Chester, New York ("Applicant") and AlbumX Corp. ("Benefited Company") (together, the Company"), has requested that the Agency provide assistance for the Company in the form of (i) tax-exempt industrial development revenue bonds in an aggregate amount not to exceed Three Million Six Hundred Ninety-Four Thousand Five Hundred and 00/100 Dollars (\$3,694,500.00) (the "Bonds") and/or (ii) a "Straight-Lease Transaction" pursuant to Section 854 (15) of the New York General Municipal Law, to be used to finance the following:

(a) The acquisition and renovation of a building on approximately 50,000 sq. ft. of land, the building thereon, including mezzanine space approximately 12,000 sq. ft. in size, being approximately 62,000 sq. ft. in size, together with the acquisition and installation therein of machinery and equipment related thereto, all to be used for the manufacturing of high quality photo albums for use by professional photographers (the "Project"), to be located at 21 Grace Church Street (a/k/a 106 Purdy Avenue), in the Village of Port Chester, New York;

(b) Paying certain incidental expenses, including costs of issuance, incurred in connection therewith; and

(c) Granting of certain other financial assistance pursuant to Sections 854(17) and 874 of the New York General Municipal Law, as amended, including but not limited to, real property, mortgage recording and sales tax exemptions.

The Agency will at the above-stated time and place hear all persons with views in favor of or opposed to the issuance of the Bonds and/or a "Straight-Lease Transaction" pursuant to Section 854 (15) of the New York General Municipal Law, or the location or nature of the Project. Interested parties may present their views with respect to the Project both orally and in writing at the public hearing. Written comments may also be sent to the Agency's offices so they are received no later than the public hearing date set forth above.

A copy of the Company's application for financial assistance is available for review by the public at the offices of the Village of Port Chester Industrial Development Agency located at 10 Pearl Street, Port Chester, New York 10573 (914-939-5202) during the Agency's normal business hours.

VILLAGE OF PORT CHESTER
INDUSTRIAL DEVELOPMENT
AGENCY

By: Marianne Cotter

Industrial Development Agency
Chairperson

ROLL CALL

AYES: Commissioners Cotter, Hiensch, Ryan and Wesley

NOES: None

ABSENT: Commissioners Rubino, Jr. and Rodriguez

There being no further business on motion by Commissioner Heensch, seconded
by Commissioner Ryan, the meeting was adjourned at 7:30 P.M.

Respectfully submitted,

Marianne Cotter
Chairperson