

AGENT AND FINANCIAL ASSISTANCE AGREEMENT

THIS AGENT AND FINANCIAL ASSISTANCE AGREEMENT, made as of December 16, 2014, by and between the **CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation duly existing under the laws of the State of New York with offices at 2 State Street, Auburn, New York 13021 (the "Agency") and **REHC 5, Inc.**, a New York business corporation having offices at 2 Eagle Drive, Aurelius, New York 13021 (the "Company"), with acknowledgment and performance guaranty by **JOHNSTON PAPER COMPANY, INC.**, a New York business corporation having offices at 2 Eagle Drive, Aurelius, New York 13021 (the "Operator").

WITNESSETH:

WHEREAS, the Agency was created by Chapter 1030 of the Laws of 1969 of the State of New York pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York (collectively, the "Act") as a body corporate and politic and as a public benefit corporation of the State of New York; and

WHEREAS, the Agency and May & May Associates, LLC (herein, the "Assignor") entered into (i) a certain Lease Agreement, dated as of November 1, 2003 (the "Underlying Lease Agreement", a memorandum of which was recorded in the Office of the Cayuga County Clerk at Liber 1154 of Deeds at Page 53), (ii) a certain Leaseback Agreement, dated as of November 1, 2003 (the "Underlying Leaseback Agreement", a memorandum of which was recorded in the Office of the Cayuga County Clerk at Liber 1154 of Deeds at Page 58); and (iii) a certain Payment in Lieu of Taxes Agreement, also dated as of November 1, 2003 (the "2003 PILOT Agreement", and collectively with the Underlying Lease Agreement, Underlying Leaseback Agreement and related documents, the "2003 Project Documents", as assigned and assumed), all pursuant to which the Agency and Assignor previously undertook a certain project (herein, the "2003 Project"), consisting of: (1) the acquisition of a leasehold interest in a parcel of land formerly known as "Parcel F" of the Aurelius Industrial Park and located at 2 Eagle Drive, Aurelius, Cayuga County, New York (said parcel being identified as tax map number 114-2-28.1, and herein, the "Land"); (2) the construction and equipping on the Land of an approximately 100,000 square-foot building to be used as an office, training and warehouse facility (the "2003 Improvements"); (3) the acquisition of and installation in and around the 2003 Improvements of certain machinery and related equipment and items of personal property (the "2003 Equipment" and, collectively with the Land and the 2003 Improvements, the "2003 Facility"); and (4) the sublease of the 2003 Facility to and operation by the Operator; and; and

WHEREAS, the Company and the Operator have submitted an application (the "Application") to the Agency requesting that the Agency consider undertaking a Project (the "Project") consisting of: (i) the retention by the Agency of a leasehold interest in the Land pursuant to amendments to the 2003 Project Documents, as amended, (ii) the planning, design and construction on the Land of approximately 58,200 square-feet of additions to the 2003 Improvements (the "2014 Improvements") comprised of approximately 36,200 square feet of new warehouse space and 22,000 square feet of office space, improvements and modifications to the 2003 Improvements, certain exterior driveway, parking, landscaping and curbage improvements to be incorporated for lease by the Company to the Operator as additional office

space, warehouse space, and distribution space of paper supply and distribution business; (iii) the acquisition of and installation in and around the 2003 Improvements and 2014 Improvements by the Company of machinery, equipment, furniture, fixtures and other items of tangible personal property (the "2014 Equipment" and, collectively with, the Land, the 2003 Improvements and the 2014 Improvements, the "2014 Facility", and collectively hereafter with the 2003 Facility, the "Facility"); and

WHEREAS, by Project Authorizing Resolution adopted on November 18, 2014 (the "Resolution"), the Agency authorized the undertaking of the Project and appointed the Company and Operator to act as its agents for the purposes of acquiring, constructing and/or equipping the Facility, all subject to the Company and Operator entering into this Agreement; and

WHEREAS, pursuant to the Resolution, the Agency authorized the provision to the Company and the Operator of certain benefits, exemptions and other financial assistance (the "Financial Assistance") consisting of (i) state and local sales and use tax exemptions on the acquiring, constructing and/or equipping of the Facility, (ii) a mortgage recording tax exemption for financings related to the Project, and (iii) a partial real property tax abatement to be provided through an amendment and restatement of the 2003 PILOT Agreement; and

WHEREAS, the Agency requires, as a condition and as an inducement for it to provide the Financial Assistance, that the Company and Operator provide assurances with respect to the recapture of the Financial Assistance on the terms herein set forth; and

WHEREAS, the Agency desires to memorialize the appointment of the Company and Operator as agents of the Agency to undertake the Project pursuant and subject to the terms herein contained.

NOW THEREFORE, in consideration of the covenants herein contained and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

1. **Scope of Agency.** The Agency hereby confirms its appointment of the Company and Operator as the true and lawful agents of the Agency to undertake the Project pursuant to the Resolution. The Company and Operator each hereby agree to limit activities as agent for the Agency under the authority of the Resolution to acts reasonably related to the acquisition, construction and equipping of the Facility. The right of the Company and Operator to act as agents of the Agency shall expire on **December 31, 2015**, unless extended as contemplated by the Resolution. The aggregate amount of work performed by the Company and the Operator as agents for the Agency shall not exceed the amounts identified in the Resolution and Section 2(h) of this Agreement.

All contracts entered into as agent for the Agency shall include the following language:

"This contract is being entered into by **[REHC 5, INC./JOHNSTON PAPER COMPANY, INC. / SUBAGENT]** (the "Agent"), as agent for and on behalf of **CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (the "Agency"), in connection with a certain project of the Agency for the benefit of

the Agent consisting in part of the acquisition and installation of certain machinery, equipment and building materials, all for incorporation and installation in certain premises located at 2 Eagle Drive, Town of Aurelius, Cayuga County, New York (the "Premises"). The labor, machinery, equipment and building materials to be incorporated and installed in the Premises and all services and rentals of equipment related to the acquisition, construction, reconstruction, renovation and equipping of the Project shall be exempt from all New York State and local sales and use taxes if the acquisition thereof is effected in accordance with the terms and conditions set forth in the attached sales tax exemption instruction letter of the Agency; and the Agent hereby represents that this contract is in compliance with the terms of the Agent Agreement by and between the Agent and the Agency, dated as of December 16, 2014. This contract is non-recourse to the Agency, and the Agency shall not be directly, indirectly or contingently liable or obligated hereunder in any manner or to any extent whatsoever. By execution or acceptance of this contract, the vendor/contractor hereby acknowledges and agrees to the terms and conditions set forth in this paragraph."

2. Representations and Covenants of the Company and Operator. The Company and the Operator each make the following representations and covenants in order to induce the Agency to proceed with the Project and appoint the Company and the Operator as agents to undertake same:

(a) The Company and Operator are each a business corporation duly formed and validly existing under the laws of the State of New York, and each is authorized to conduct business in the State, has the authority to enter into this Agreement and has duly authorized the execution and delivery of this Agreement.

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Company or Operator is a party or by which it is bound, or will constitute a default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the Company or the Operator under the terms of any such instrument or agreement.

(c) The Facility and the operation thereof will conform with all applicable zoning, planning, building and environmental laws and regulations of governmental authorities having jurisdiction over the Facility, and the Company and the Operator shall defend, indemnify and hold the Agency harmless from any liability or expenses resulting from any failure by the Company or Operator to comply with the provisions of this subsection (c).

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or, to the knowledge of the Company or Operator, threatened against or affecting the Company or Operator, to which the Company or Operator is a party, and in which an adverse result would in any way diminish or adversely impact on the Company's or Operator's ability to fulfill their obligations under this Agreement.

(e) The Company and the Operator covenant that the Facility will comply in all respects with all environmental laws and regulations, and, except in compliance with environmental laws and regulations, (i) that no pollutants, contaminants, solid wastes, or toxic or hazardous substances will be stored, treated, generated, disposed of, or allowed to exist on the Facility except in compliance with all material applicable laws, (ii) the Company and the Operator will take all reasonable and prudent steps to prevent an unlawful release of hazardous substances onto the Facility or onto any other property, (iii) that no asbestos will be incorporated into or disposed of on the Facility, (iv) that no underground storage tanks will be located on the Facility, and (v) that no investigation, order, agreement, notice, demand or settlement with respect to any of the above is threatened, anticipated, or in existence. The Company and the Operator, upon receiving any information or notice contrary to the representations contained in this Section, shall immediately notify the Agency in writing with full details regarding the same. The Company and the Operator hereby release the Agency from liability with respect to, and agrees to defend, indemnify, and hold harmless the Agency, its Executive Director, directors, members, officers, employees, agents (except the Company and the Operator), representatives, successors, and assigns from and against any and all claims, demands, damages, costs, orders, liabilities, penalties, and expenses (including reasonable attorneys' fees) related in any way to any violation of the covenants or failure to be accurate of the representations contained in this Section. In the event the Agency in its reasonable discretion deems it necessary to perform due diligence with respect to any of the above, or to have an environmental audit performed with respect to the Facility, the Company and the Operator agree to pay the expenses of same to the Agency upon demand, and agrees that upon failure to do so, its obligation for such expenses shall be deemed to be additional rent.

(f) Any personal property acquired by the Company and/or the Operator in the name of the Agency shall be located in Cayuga County, New York, except for temporary periods during ordinary use.

(g) In accordance with Section 875(3) of the New York General Municipal Law, the Company and the Operator covenant and agree that, if either the Company or the Operator receives New York State and local sales and use tax exemption benefits ("sales and use tax exemption benefits") from the Agency, and it is determined that: (i) the Company or the Operator is not entitled to the sales and use tax exemption benefits; (ii) the sales and use tax exemption benefits are in excess of the amounts authorized by the Agency to be taken by the Company or the Operator; (iii) the sales and use tax exemption benefits are for property or services not authorized by the Agency as part of the Project; or (iv) the sales and use tax exemption benefits are taken in cases where the Company or the Operator fails to comply with a material term or condition to use property or services in the manner approved by the Agency in connection with the Project, then the Company and the Operator will (i) cooperate with the Agency in its efforts to recover or recapture any sales and use tax exemption benefits, and (ii) promptly pay over any such amounts to the Agency that the Agency demands in connection therewith. The Company and the Operator further understand and agree that in the event that the Company or the Operator fails to pay over such amounts to the Agency, the New York State Tax Commissioner may assess and determine New York State and local sales and use taxes due from

the Company or the Operator, together with any relevant penalties and interest due on such amounts.

(h) The Company and the Operator further covenant and agree that the purchase of goods and services relating to the Project and subject to New York State and local sales and use taxes are estimated in the amount up to \$4,000,000.00, and, therefore, the value of the sales and use tax exemption benefits authorized and approved by the Agency cannot exceed \$320,000.00.

(i) The Company and the Operator further covenant and agree to complete "IDA Appointment of Project Operator or Agent For Sales Tax Purposes" (NYS Form ST-60), in the form attached hereto as Exhibit A, for each agent, subagent, contractor, subcontractor, if any, contractors or subcontractors of such agents and subagents, if any, and such other parties as the Company or the Operator choose who provide materials, equipment, supplies or services and forward said form to the State Department of Taxation and Finance within thirty (30) days of appointment.

(j) The Company and the Operator further covenant and agree to file an annual statement with the State Department of Taxation and Finance on "Annual Report of Sales and Use Tax Exemptions" (NYS Form ST-340) attached hereto as Exhibit C regarding the value of sales and use tax exemptions the Company and the Operator, their agents, subagents, consultants or subcontractors have claimed pursuant to the agency conferred on the Company and the Operator with respect to the Project in accordance with General Municipal Law Section 874(8). The Company and the Operator further covenant and agree that they will, within thirty (30) days of each filing, provide a copy of same to the Agency; provided, however, in no event later than February 15th of each year. The Company and the Operator understand and agree that the failure to file such annual statement will result in the removal of the Company's and/or Operator's authority to act as agent for the Agency.

(k) The Company and the Operator acknowledges and agrees that all purchases made in furtherance of the Project shall be made using "IDA Agent or Project Operator Exempt Purchase Certificate" (NYS Form ST-123, a copy of which is attached hereto as Exhibit B), and it shall be the responsibility of the Company and the Operator (and not the Agency) to complete NYS Form ST-123. The Company and the Operator acknowledge and agree that they shall identify the Project on each bill and invoice for such purchases and further indicate on such bills or invoices that the Company and the Operator is making purchases of tangible personal property or services for use in the Project as agent of the Agency. For purposes of indicating who the purchaser is, the Company and the Operator acknowledge and agree that the bill or invoice should state, "I, the _____ of [REHC 5, Inc./Johnston Paper Company, Inc. / Subagent], certify that [REHC 5, Inc./Johnston Paper Company, Inc. / Subagent] is a duly appointed agent of the Cayuga County Industrial Development Agency ("IDA"), and that I am purchasing the tangible personal property or services for use in the following IDA project and that such purchases qualify as exempt from sales and use taxes under the agent agreement with the Cayuga County Industrial Development Agency." The Company and the Operator further acknowledge and agree that the following information shall be used by the Company and the Operator to identify the Project on each bill and invoice:

Name of the Project:

Johnston Paper Company, Inc. Project

Street address of the Project site: 2 Eagle Drive, Aurelius, Cayuga County, New York
IDA OSC project number: 0502 14 05A

(l) The Company and the Operator acknowledge and agree that, except to the extent of bond proceeds (to the extent bonds are issued by the Agency with respect to the Project), the Agency shall not be liable, either directly or indirectly or contingently, upon any such contract, agreement, invoice, bill or purchase order in any manner and to any extent whatsoever (including payment or performance obligations), and the Company and the Operator shall be the sole party liable thereunder.

3. Hold Harmless Provision. The Company and the Operator hereby release the Agency from, agrees that the Agency shall not be liable for, and agrees to indemnify, defend and hold the Agency and its Executive Director, directors, officers, members employees, agents (except the Company and the Operator), representatives, successors and assigns harmless from and against any and all (i) liability for loss or damage to property or injury to or death of any and all persons that may be occasioned by any cause whatsoever pertaining to the Facility or arising by reason of or in connection with the occupation, or use thereof or the presence on, in or about the Facility or breach by the Company or the Operator of this Agreement or (ii) liability arising from or expense incurred by the Agency's financing, acquiring, rehabilitating, constructing, renovating, equipping, owning and leasing of the Equipment or the Facility, including without limiting the generality of the foregoing, all causes of action and reasonable attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. The foregoing indemnities shall apply notwithstanding the fault or negligence on the part of the Agency, or any of its respective members, directors, officers, agents (except the Company and the Operator) or employees and irrespective of the breach of a statutory obligation or the application of any rule of comparative or apportioned liability, except that such indemnities will not be applicable with respect to willful misconduct or gross negligence on the part of the Agency or any other person or entity to be indemnified.

4. Insurance Required. Effective as of the date hereof and until the Agency consents in writing to a termination, the Company and the Operator shall maintain or cause to be maintained insurance against such risks and for such amounts as are customarily insured against by businesses of like size and type paying, as the same become due and payable, all premiums in respect thereto, including, but not necessarily limited to:

(a) (i) insurance against loss or damage by fire, lightning and other casualties, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full replacement value of the Facility, exclusive of excavations and foundations, as determined by a recognized appraiser or insurer selected by the Company and the Operator, or (ii) as an alternative to the above requirements (including the requirement of periodic appraisal), the Company and the Operator may insure the Facility under a blanket insurance policy or policies covering not only the Facility but other properties as well.

(b) Workers' compensation insurance, disability benefits insurance, and each other form of insurance which the Agency or the Company or Operator is required by law to

provide, covering loss resulting from injury, sickness, disability or death of employees of the Company who are located at or assigned to the Facility.

(c) Insurance against loss or losses from liabilities imposed by law or assumed in any written contract and arising from personal injury and death or damage to the property of others caused by any accident or occurrence, with limits of not less than \$1,000,000 per accident or occurrence on account of personal injury, including death resulting therefrom, and \$1,000,000 per accident or occurrence on account of damage to the property of others, excluding liability imposed upon the Company and the Operator by any applicable workers' compensation law; and a blanket excess liability policy in the amount not less than \$3,000,000, protecting the Company and the Operator against any loss or liability or damage for personal injury or property damage.

5. Additional Provisions Respecting Insurance.

(a) All insurance required by Section 4(a) hereof shall name the Agency as a named insured and all other insurance required by Section 4 shall name the Agency as an additional insured. All insurance shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the Company and the Operator and authorized to write such insurance in the State. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the Company and Operator are engaged. All policies evidencing such insurance shall provide for (i) payment of the losses of the Company, the Operator and the Agency as their respective interest may appear, and (ii) at least thirty (30) days prior written notice of the cancellation thereof to the Company, the Operator and the Agency.

(b) All such policies of insurance, or a certificate or certificates of the insurers that such insurance is in force and effect, shall be deposited with the Agency on the date hereof. Prior to expiration of any such policy, the Company and the Operator shall furnish the Agency evidence that the policy has been renewed or replaced or is no longer required by this Agreement.

6. This Agreement may be executed in any number of counterparts each of which shall be deemed an original but which together shall constitute a single instrument.

7. All notices, claims and other communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or mailed first class, postage prepaid, as follows:

To the Agency: Cayuga County Industrial Development Agency
2 State Street
Auburn, New York 13021
Attn: Andrew Fish, Executive Director

And to: Harris Beach PLLC

677 Broadway, Suite 1101
Albany, New York 12207
Attn: Justin S. Miller, Esq.

And to: The Galbato Law Firm
71 Genesee Street
Auburn, New York 13021
Attn: Riccardo T. Galbato, Esq.

To the Company: REHC 5, Inc.
2 Eagle Drive
Aurelius, New York 13021
Attn: Michael May, President

To the Operator: Johnston Paper Company, Inc.
2 Eagle Drive
Aurelius, New York 13021
Attn: Thomas Lewis, Secretary/Treasurer/CFO

With a Copy to: Hogan & Rossi, Esqs.
3 Starr Ridge Road, Suite 200
Brewster, New York 10509
Attn: John J. Hogan, Esq.

or at such other address as any party may from time to time furnish to the other party by notice given in accordance with the provisions of this Section. All notices shall be deemed given when mailed or personally delivered in the manner provided in this Section.

8. This Agreement shall be governed by, and all matters in connection herewith shall be construed and enforced in accordance with, the laws of the State applicable to agreements executed and to be wholly performed therein and the parties hereto hereby agree to submit to the personal jurisdiction of the federal or state courts located in Cayuga County, New York.

9. By executing this Agent Agreement, the Company and the Operator covenant and agree to pay all fees, costs and expenses incurred by the Agency for (i) legal services in connection with the Project, including but not limited to those provided by the Agency's transaction counsel, and (ii) other consultants retained by the Agency in connection with the Project; with all such charges to be paid by the Company or the Operator at the closing or, if the closing does not occur, within ten (10) business days of receipt of the Agency's invoices therefore. The Company and the Operator are entitled to receive a written estimate of fees and costs of the Agency's transaction counsel.

The Company and the Operator further covenant and agree that the Company and the Operator are liable for payment to the Agency of all charges referred to above, as well as all other actual costs and expenses incurred by the Agency in undertaking the Project notwithstanding the occurrence of any of (i) the Company's or Operator's withdrawal, abandonment, cancellation or failure to pursue the Project; (ii) the inability of the Agency or the

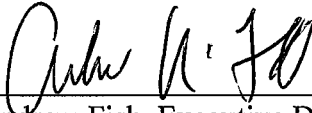
Company or the Operator to procure the services of one or more financial institutions to provide financing for the Project; or (iii) the Company's or the Operator's failure, for whatever reason, to undertake and/or successfully complete the Project.

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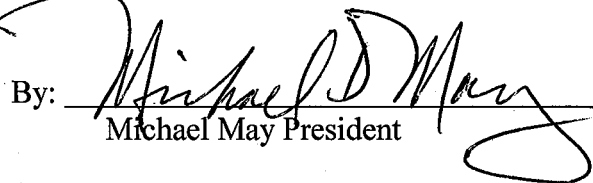
[Signature Page to Agent Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agent Agreement as of the day and year first above written.

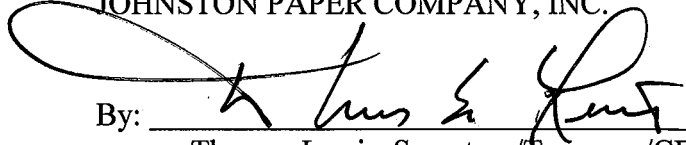
CAYUGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: 
Andrew Fish, Executive Director

REHC 5, INC.

By: 
Michael May President

JOHNSTON PAPER COMPANY, INC.

By: 
Thomas Lewis, Secretary/Treasurer/CFO

[Acknowledgment Page to Agent and Financial Assistance Agreement]

State of New York)
County of Cayuga) ss.:

On the 16th day of December in the year 2014, before me, the undersigned, personally appeared **ANDREW FISH**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

JUSTIN S. MILLER
Notary Public, State of New York
No. 02MI6020242
Qualified in Albany County
Commission Expires June 8, 2015

State of New York)
County of Cayuga) ss.:

On the 16th day of December in the year 2014, before me, the undersigned, personally appeared **MICHAEL MAY**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

JUSTIN S. MILLER
Notary Public, State of New York
No. 02MI6020242
Qualified in Albany County
Commission Expires June 8, 2015

State of New York)
County of Cayuga) ss.:

On the 16th day of December in the year 2014, before me, the undersigned, personally appeared **THOMAS LEWIS**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

JUSTIN S. MILLER
Notary Public, State of New York
No. 02MI6020242
Qualified in Albany County
Commission Expires June 8, 2015

Exhibit A

[NYS Form ST-60, "IDA Appointment of Project Operator or Agent For Sales Tax Purposes"
For Subagents of Company and Operator]

ATTACHED HERETO

**IDA Appointment of Project Operator or Agent
For Sales Tax Purposes****ST-60**
(4/13)

The industrial development agency or authority (IDA) **must** submit this form within 30 days of the appointment of a project operator or agent, whether appointed directly by the IDA or indirectly by the operator or another agent.

For IDA use only

Name of IDA Cayuga County Industrial Development Agency		IDA project number (use OSC numbering system for projects after 1998) 0502 14 05A	
Street address 2 State Street		Telephone number (315) 252-3500	
City Auburn		State NY	ZIP code 13021
Name of IDA project operator or agent	Mark an X in the box if directly appointed by the IDA: <input type="checkbox"/>	Employer identification or social security number	
Street address	Telephone number ()	Primary operator or agent? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
City	State	ZIP code	
Name of project Johnston Paper Company, Inc.		Purpose of project (see instructions) Other: Warehouse/Distribution/Office	
Street address of project site 2 Eagle Drive			
City Town of Aurelius (mail Auburn)		State NY	ZIP code 13021
Description of goods and services intended to be exempted from New York State and local sales and use taxes		Goods/services used to construct 36,200 sq ft of new warehouse space and 22,000 square feet of office space (approx 58,200 square-feet of additions).	

Date project operator or agent appointed (mm/dd/yy) 12/16/14	Date project operator or agent status ends (mm/dd/yy) 12/31/15	Mark an X in the box if this is an extension to an original project: <input type="checkbox"/>
Estimated value of goods and services that will be exempt from New York State and local sales and use tax: \$4,000,000.00	Estimated value of New York State and local sales and use tax exemption provided: \$320,000.00	
Certification: I certify that the above statements are true, complete, and correct, and that no material information has been omitted. I make these statements with the knowledge that willfully providing false or fraudulent information with this document may constitute a felony or other crime under New York State Law, punishable by a substantial fine and possible jail sentence. I also understand that the Tax Department is authorized to investigate the validity of any information entered on this document.		
Print name of officer or employee signing on behalf of the IDA Andrew Fish	Print title Executive Director	
Signature	Date 12/16/2014	Telephone number (315) 252-3500

Instructions**Filing requirements**

An IDA must file this form within 30 days of the date the IDA appoints any project operator or other person as agent of the IDA, for purposes of extending any sales and compensating use tax exemptions.

The IDA must file a separate form for each person it appoints as agent, whether directly or indirectly, and regardless of whether the person is the primary project operator or agent. If the IDA authorizes a project operator or agent to appoint other persons as agent of the IDA, the operator or agent making such an appointment must advise the IDA that it has done so, so that the IDA can file a form within 30 days of the date of the new agent's appointment. The IDA should not file this form for a person hired to work on an IDA project if that person is not appointed as agent of the IDA. The IDA need not file this form if the IDA does not extend any sales or use tax exemption benefits for the project.

If an IDA modifies a project, such as by extending it beyond its original completion date, or by increasing or decreasing the amount of sales and use tax exemption benefits authorized for the project, the IDA must, within 30 days of the change, file a new form with the new information.

If an IDA amends, revokes, or cancels the appointment of an agent, or if an agent's appointment becomes invalid for any reason, the IDA must, within 30 days, send a letter to the address below for filing this form, indicating that the appointment has been amended, revoked, or cancelled, or is no longer valid, and the effective date of the change. It should attach to the letter a copy of the form it originally filed. The IDA need not send a letter for a form that is not valid merely because the "Completion date of project" has passed.

Purpose of project

For Purpose of project, enter one of the following:

- | | |
|---|-------------------|
| - Services | - Construction |
| - Agriculture, forestry, fishing | - Wholesale trade |
| - Finance, insurance, real estate | - Retail trade |
| - Transportation, communication, electric, gas, sanitary services | - Manufacturing |
| | - Other (specify) |

Mailing instructions

Mail completed form to:

**NYS TAX DEPARTMENT
IDA UNIT
W A HARRIMAN CAMPUS
ALBANY NY 12227**

Privacy notification

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.

Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.

Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

This information is maintained by the Manager of Document Management, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone (518) 457-5181.

Need help?

Internet access: www.tax.ny.gov
(for information, forms, and publications)



Sales Tax Information Center: (518) 485-2889
To order forms and publications: (518) 457-5431



Text Telephone (TTY) Hotline
(for persons with hearing and speech disabilities using a TTY): (518) 485-5082

Exhibit B-1

[NYS Form ST-123, "IDA Agent or Project Operator Exempt Purchase Certificate"
for Company]

ATTACHED HERETO



New York State Department of Taxation and Finance

New York State Sales and Use Tax

**IDA Agent or Project Operator
Exempt Purchase Certificate****Effective for projects beginning on or after June 1, 2014****ST-123**
(2/14)

This certificate is not valid unless all entries have been completed.

Note: To be completed by the purchaser and given to the seller. See TSB-M-14(1.1)S, *Sales Tax Reporting and Recordkeeping Requirements for Industrial Development Agencies and Authorities*, for more information.

Name of seller	Name of agent or project operator REHC 5, Inc.		
Street address	Street address 2 Eagle Drive		
City, town, or village	State	ZIP code	
Aurelius	NY	13021	
Agent or project operator sales tax ID number (see instructions) 77-0637408			

Mark an **X** in one: ☐ Single-purchase certificate ☒ Blanket-purchase certificate (valid only for the project listed below)**To the seller:**

You must identify the project on each bill and invoice for such purchases and indicate on the bill or invoice that the IDA or agent or project operator of the IDA was the purchaser.

Project Information

I certify that I am a duly appointed agent or project operator of the named IDA and that I am purchasing the tangible personal property or services for use in the following IDA project and that such purchases qualify as exempt from sales and use taxes under my agreement with the IDA.

Name of IDA Cayuga County Industrial Development Agency		
Name of project Johnston Paper Company, Inc. Project	IDA project number (use OSC number) 0502 14 05A	
Street address of project site 2 Eagle Drive		
City, town, or village Town of Aurelius (mail Auburn)	State NY	ZIP code 13021
Enter the date that you were appointed agent or project operator (mm/dd/yy) 12 / 16 / 14	Enter the date that agent or project operator status ends (mm/dd/yy) 12 / 31 / 15	

Exempt purchases(Mark an **X** in boxes that apply)

- ☒ A. Tangible personal property or services (other than utility services and motor vehicles or tangible personal property installed in a qualifying motor vehicle) used to complete the project, but not to operate the completed project
- ☐ B. Certain utility services (gas, propane in containers of 100 pounds or more, electricity, refrigeration, or steam) used to complete the project, but not to operate the completed project
- ☐ C. Motor vehicle or tangible personal property installed in a qualifying motor vehicle

Certification: I certify that the above statements are true, complete, and correct, and that no material information has been omitted. I make these statements and issue this exemption certificate with the knowledge that this document provides evidence that state and local sales or use taxes do not apply to a transaction or transactions for which I tendered this document and that willfully issuing this document with the intent to evade any such tax may constitute a felony or other crime under New York State Law, punishable by a substantial fine and a possible jail sentence. I understand that this document is required to be filed with, and delivered to, the vendor as agent for the Tax Department for the purposes of Tax Law section 1838 and is deemed a document required to be filed with the Tax Department for the purpose of prosecution of offenses. I also understand that the Tax Department is authorized to investigate the validity of tax exclusions or exemptions claimed and the accuracy of any information entered on this document.

Signature of purchaser or purchaser's representative (include title and relationship) Michael May, President	Date
Type or print the name, title, and relationship that appear in the signature box Michael May, President	

Instructions

To the purchaser

You may use Form ST-123 if you:

- have been appointed as an agent or project operator by an industrial development agency (IDA) and
- the purchases qualify for exemption from sales and use tax as described in the IDA contract.

You may use Form ST-123 as a single-purchase certificate or as a blanket certificate covering the first and subsequent purchases qualifying for the project listed.

Agent or project operator sales tax ID number — If you are registered with the Tax Department for sales tax purposes, you must enter your sales tax identification number on this certificate. If you are not required to be registered, enter *N/A*.

Industrial development agencies and authorities (IDAs) are public benefit corporations under General Municipal Law Article 18-A and the Public Authorities Law, for the purpose of promoting, developing, encouraging, and assisting in the acquisition, construction, reconstruction, improvement, maintenance, equipping, and furnishing of industrial, manufacturing, warehousing, commercial, research, and recreational facilities in New York State.

IDAs are exempt from the payment of sales and use tax on their purchases, in accordance with Tax Law section 1116(a)(1). However, IDAs do not normally make direct purchases for projects. Commonly, IDAs instead appoint a business enterprise or developer, contractor, or subcontractor as its agent or project operator. Such purchases made by the agent or project operator, acting within the authority granted by the IDA, are deemed to be made by the IDA and therefore exempt from tax.

Example 1: IDA agreement with its agent or project operator states that contractor X may make all purchases of materials and equipment necessary for completion of the project, as agent for the IDA. Contractor X rents a backhoe and a bulldozer for site preparation, purchases concrete and lumber to construct a building, and purchases machinery to be installed in the building. All these purchases by contractor X as agent of the IDA are exempt from tax.

Example 2: IDA agreement with its agent or project operator states that contractor X may make all purchases of materials and equipment to be incorporated into the project, as agent for the IDA. Contractor X makes the same purchases as in Example 1. Since the concrete, lumber, and machinery will actually be incorporated into the project, contractor X may purchase these items exempt from tax. However, rental of the backhoe and bulldozer is not exempt since these transactions are normally taxable and the IDA agreement does not authorize contractor X to make such rentals as agent of the IDA.

A contractor or subcontractor not appointed as agent or project operator of an IDA must present suppliers with Form ST-120.1, *Contractor Exempt Purchase Certificate*, when making purchases that are ordinarily exempt from tax in accordance with Tax Law sections 1115(a)(15) and 1115(a)(16). For more information, see Form ST-120.1.

Exempt purchases

To qualify, the purchases must be made within the authority granted by the IDA and used to complete the project (not to operate the completed project).

- Mark box A to indicate you are purchasing tangible personal property and services (other than utility services and motor vehicles or tangible personal property installed in a qualifying motor vehicle) exempt from tax.
- Mark box B to indicate you are purchasing certain consumer utility services used in completing the project exempt from tax. This includes gas, electricity, refrigeration, and steam; and gas, electric, refrigeration, and steam services.
- Mark box C to indicate you are purchasing a motor vehicle or tangible personal property related to a qualifying motor vehicle exempt from tax.

Misuse of this certificate

Misuse of this exemption certificate may subject you to serious civil and criminal sanctions in addition to the payment of any tax and interest due. These include:

- A penalty equal to 100% of the tax due;
- A \$50 penalty for each fraudulent exemption certificate issued;
- Criminal felony prosecution, punishable by a substantial fine and a possible jail sentence; and
- Revocation of your *Certificate of Authority*, if you are required to be registered as a vendor. See TSB-M-09(17)S, *Amendments that Encourage Compliance with the Tax Law and Enhance the Tax Department's Enforcement Ability*, for more information.

To the seller

When making purchases as agent or project operator of an IDA, the purchaser must provide you with this exemption certificate with all entries completed to establish the right to the exemption. You **must** identify the project on each bill and invoice for such purchases and indicate on the bill or invoice that the IDA or agent or project operator of the IDA was the purchaser.

As a New York State registered vendor, you may accept an exemption certificate in lieu of collecting tax and be protected from liability for the tax if the certificate is valid. The certificate will be considered valid if it is:

- accepted in good faith;
- in your possession within 90 days of the transaction; and
- properly completed (all required entries were made).

An exemption certificate is accepted in good faith when you have no knowledge that the exemption certificate is false or is fraudulently given, and you exercise reasonable ordinary due care. If you do not receive a properly completed certificate within 90 days after the delivery of the property or service, you will share with the purchaser the burden of proving the sale was exempt.

You must also maintain a method of associating an invoice (or other source document) for an exempt sale with the exemption certificate you have on file from the purchaser. You must keep this certificate at least three years after the due date of your sales tax return to which it relates, or the date the return was filed, if later.

Privacy notification

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.

Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.

Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

This information is maintained by the Manager of Document Management, NYS Tax Department, WA Harriman Campus, Albany NY 12227; telephone (518) 457-5181.

Need help?



Visit our Web site at **www.tax.ny.gov**

- get information and manage your taxes online
- check for new online services and features



Sales Tax Information Center:

(518) 485-2889

To order forms and publications:

(518) 457-5431



Text Telephone (TTY) Hotline

(for persons with hearing and speech disabilities using a TTY):

(518) 485-5082

Exhibit B-2

[NYS Form ST-123, "IDA Agent or Project Operator Exempt Purchase Certificate"
for Operator]

ATTACHED HERETO



New York State Department of Taxation and Finance

New York State Sales and Use Tax

IDA Agent or Project Operator**Exempt Purchase Certificate****Effective for projects beginning on or after June 1, 2014****ST-123**

(2/14)

This certificate is not valid unless all entries have been completed.

Note: To be completed by the purchaser and given to the seller. See TSB-M-14(1.1)S, *Sales Tax Reporting and Recordkeeping Requirements for Industrial Development Agencies and Authorities*, for more information.

Name of seller	Name of agent or project operator Johnston Paper Company, Inc.		
Street address	Street address 2 Eagle Drive		
City, town, or village	State	ZIP code	
Aurelius	NY	13021	
Agent or project operator sales tax ID number (see instructions) 16-1077248			

Mark an **X** in one: ☐ Single-purchase certificate ☒ Blanket-purchase certificate (valid only for the project listed below)**To the seller:**

You must identify the project on each bill and invoice for such purchases and indicate on the bill or invoice that the IDA or agent or project operator of the IDA was the purchaser.

Project information

I certify that I am a duly appointed agent or project operator of the named IDA and that I am purchasing the tangible personal property or services for use in the following IDA project and that such purchases qualify as exempt from sales and use taxes under my agreement with the IDA.

Name of IDA Cayuga County Industrial Development Agency		
Name of project Johnston Paper Company, Inc. Project		IDA project number (use OSC number) 0502 14 05A
Street address of project site 2 Eagle Drive		
City, town, or village Town of Aurelius (mail Auburn)	State NY	ZIP code 13021
Enter the date that you were appointed agent or project operator (mm/dd/yy) 12 / 16 / 14		Enter the date that agent or project operator status ends (mm/dd/yy) 12 / 31 / 15

Exempt purchases(Mark an **X** in boxes that apply)

- ☒ A. Tangible personal property or services (other than utility services and motor vehicles or tangible personal property installed in a qualifying motor vehicle) used to complete the project, but not to operate the completed project
- ☐ B. Certain utility services (gas, propane in containers of 100 pounds or more, electricity, refrigeration, or steam) used to complete the project, but not to operate the completed project
- ☐ C. Motor vehicle or tangible personal property installed in a qualifying motor vehicle

Certification: I certify that the above statements are true, complete, and correct, and that no material information has been omitted. I make these statements and issue this exemption certificate with the knowledge that this document provides evidence that state and local sales or use taxes do not apply to a transaction or transactions for which I tendered this document and that willfully issuing this document with the intent to evade any such tax may constitute a felony or other crime under New York State Law, punishable by a substantial fine and a possible jail sentence. I understand that this document is required to be filed with, and delivered to, the vendor as agent for the Tax Department for the purposes of Tax Law section 1838 and is deemed a document required to be filed with the Tax Department for the purpose of prosecution of offenses. I also understand that the Tax Department is authorized to investigate the validity of tax exclusions or exemptions claimed and the accuracy of any information entered on this document.

Signature of purchaser or purchaser's representative (include title and relationship) Secretary/Treasurer/CFO	Date
Type or print the name, title, and relationship that appear in the signature box Thomas Lewis, Secretary/Treasurer/CFO	

Instructions

To the purchaser

You may use Form ST-123 if you:

- have been appointed as an agent or project operator by an industrial development agency (IDA) and
- the purchases qualify for exemption from sales and use tax as described in the IDA contract.

You may use Form ST-123 as a single-purchase certificate or as a blanket certificate covering the first and subsequent purchases qualifying for the project listed.

Agent or project operator sales tax ID number — If you are registered with the Tax Department for sales tax purposes, you must enter your sales tax identification number on this certificate. If you are not required to be registered, enter *N/A*.

Industrial development agencies and authorities (IDAs) are public benefit corporations under General Municipal Law Article 18-A and the Public Authorities Law, for the purpose of promoting, developing, encouraging, and assisting in the acquisition, construction, reconstruction, improvement, maintenance, equipping, and furnishing of industrial, manufacturing, warehousing, commercial, research, and recreational facilities in New York State.

IDAs are exempt from the payment of sales and use tax on their purchases, in accordance with Tax Law section 1116(a)(1). However, IDAs do not normally make direct purchases for projects. Commonly, IDAs instead appoint a business enterprise or developer, contractor, or subcontractor as its agent or project operator. Such purchases made by the agent or project operator, acting within the authority granted by the IDA, are deemed to be made by the IDA and therefore exempt from tax.

Example 1: IDA agreement with its agent or project operator states that contractor X may make all purchases of materials and equipment necessary for completion of the project, as agent for the IDA. Contractor X rents a backhoe and a bulldozer for site preparation, purchases concrete and lumber to construct a building, and purchases machinery to be installed in the building. All these purchases by contractor X as agent of the IDA are exempt from tax.

Example 2: IDA agreement with its agent or project operator states that contractor X may make all purchases of materials and equipment to be incorporated into the project, as agent for the IDA. Contractor X makes the same purchases as in Example 1. Since the concrete, lumber, and machinery will actually be incorporated into the project, contractor X may purchase these items exempt from tax. However, rental of the backhoe and bulldozer is not exempt since these transactions are normally taxable and the IDA agreement does not authorize contractor X to make such rentals as agent of the IDA.

A contractor or subcontractor not appointed as agent or project operator of an IDA must present suppliers with Form ST-120.1, *Contractor Exempt Purchase Certificate*, when making purchases that are ordinarily exempt from tax in accordance with Tax Law sections 1115(a)(15) and 1115(a)(16). For more information, see Form ST-120.1.

Exempt purchases

To qualify, the purchases must be made within the authority granted by the IDA and used to complete the project (not to operate the completed project).

- Mark box A to indicate you are purchasing tangible personal property and services (other than utility services and motor vehicles or tangible personal property installed in a qualifying motor vehicle) exempt from tax.
- Mark box B to indicate you are purchasing certain consumer utility services used in completing the project exempt from tax. This includes gas, electricity, refrigeration, and steam; and gas, electric, refrigeration, and steam services.
- Mark box C to indicate you are purchasing a motor vehicle or tangible personal property related to a qualifying motor vehicle exempt from tax.

Misuse of this certificate

Misuse of this exemption certificate may subject you to serious civil and criminal sanctions in addition to the payment of any tax and interest due. These include:

- A penalty equal to 100% of the tax due;
- A \$50 penalty for each fraudulent exemption certificate issued;
- Criminal felony prosecution, punishable by a substantial fine and a possible jail sentence; and
- Revocation of your *Certificate of Authority*, if you are required to be registered as a vendor. See TSB-M-09(17)S, *Amendments that Encourage Compliance with the Tax Law and Enhance the Tax Department's Enforcement Ability*, for more information.

To the seller

When making purchases as agent or project operator of an IDA, the purchaser must provide you with this exemption certificate with all entries completed to establish the right to the exemption. You **must** identify the project on each bill and invoice for such purchases and indicate on the bill or invoice that the IDA or agent or project operator of the IDA was the purchaser.

As a New York State registered vendor, you may accept an exemption certificate in lieu of collecting tax and be protected from liability for the tax if the certificate is valid. The certificate will be considered valid if it is:

- accepted in good faith;
- in your possession within 90 days of the transaction; and
- properly completed (all required entries were made).

An exemption certificate is accepted in good faith when you have no knowledge that the exemption certificate is false or is fraudulently given, and you exercise reasonable ordinary due care. If you do not receive a properly completed certificate within 90 days after the delivery of the property or service, you will share with the purchaser the burden of proving the sale was exempt.

You must also maintain a method of associating an invoice (or other source document) for an exempt sale with the exemption certificate you have on file from the purchaser. You must keep this certificate at least three years after the due date of your sales tax return to which it relates, or the date the return was filed, if later.

Privacy notification

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.

Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.

Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

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(for persons with hearing and speech disabilities using a TTY):

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Exhibit B-3

[NYS Form ST-123, "IDA Agent or Project Operator Exempt Purchase Certificate"
for Subagents of Company and Operator]

ATTACHED HERETO



New York State Department of Taxation and Finance

New York State Sales and Use Tax

**IDA Agent or Project Operator
Exempt Purchase Certificate****Effective for projects beginning on or after June 1, 2014****ST-123**
(2/14)

This certificate is not valid unless all entries have been completed.

Note: To be completed by the purchaser and given to the seller. See TSB-M-14(1.1)S, *Sales Tax Reporting and Recordkeeping Requirements for Industrial Development Agencies and Authorities*, for more information.

Name of seller	Name of agent or project operator
Street address	Street address
City, town, or village State ZIP code	City, town, or village State ZIP code
Agent or project operator sales tax ID number (see instructions)	

Mark an **X** in one: ☐ Single-purchase certificate ☒ Blanket-purchase certificate (valid only for the project listed below)**To the seller:**

You must identify the project on each bill and invoice for such purchases and indicate on the bill or invoice that the IDA or agent or project operator of the IDA was the purchaser.

Project information

I certify that I am a duly appointed agent or project operator of the named IDA and that I am purchasing the tangible personal property or services for use in the following IDA project and that such purchases qualify as exempt from sales and use taxes under my agreement with the IDA.

Name of IDA Cayuga County Industrial Development Agency		
Name of project Johnston Paper Company, Inc. Project	IDA project number (use OSC number) 0502 14 05A	
Street address of project site 2 Eagle Drive		
City, town, or village Town of Aurelius (mail Auburn)	State NY	ZIP code 13021
Enter the date that you were appointed agent or project operator (mm/dd/yy) 12 / 16 / 14	Enter the date that agent or project operator status ends (mm/dd/yy) 12 / 31 / 15	

Exempt purchases(Mark an **X** in boxes that apply)

- ☒ A. Tangible personal property or services (other than utility services and motor vehicles or tangible personal property installed in a qualifying motor vehicle) used to complete the project, but not to operate the completed project
- ☐ B. Certain utility services (gas, propane in containers of 100 pounds or more, electricity, refrigeration, or steam) used to complete the project, but not to operate the completed project
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Certification: I certify that the above statements are true, complete, and correct, and that no material information has been omitted. I make these statements and issue this exemption certificate with the knowledge that this document provides evidence that state and local sales or use taxes do not apply to a transaction or transactions for which I tendered this document and that willfully issuing this document with the intent to evade any such tax may constitute a felony or other crime under New York State Law, punishable by a substantial fine and a possible jail sentence. I understand that this document is required to be filed with, and delivered to, the vendor as agent for the Tax Department for the purposes of Tax Law section 1838 and is deemed a document required to be filed with the Tax Department for the purpose of prosecution of offenses. I also understand that the Tax Department is authorized to investigate the validity of tax exclusions or exemptions claimed and the accuracy of any information entered on this document.

Signature of purchaser or purchaser's representative (include title and relationship)	Date
Type or print the name, title, and relationship that appear in the signature box	

Instructions

To the purchaser

You may use Form ST-123 if you:

- have been appointed as an agent or project operator by an industrial development agency (IDA) and
- the purchases qualify for exemption from sales and use tax as described in the IDA contract.

You may use Form ST-123 as a single-purchase certificate or as a blanket certificate covering the first and subsequent purchases qualifying for the project listed.

Agent or project operator sales tax ID number — If you are registered with the Tax Department for sales tax purposes, you must enter your sales tax identification number on this certificate. If you are not required to be registered, enter *N/A*.

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IDAs are exempt from the payment of sales and use tax on their purchases, in accordance with Tax Law section 1116(a)(1). However, IDAs do not normally make direct purchases for projects. Commonly, IDAs instead appoint a business enterprise or developer, contractor, or subcontractor as its agent or project operator. Such purchases made by the agent or project operator, acting within the authority granted by the IDA, are deemed to be made by the IDA and therefore exempt from tax.

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Exempt purchases

To qualify, the purchases must be made within the authority granted by the IDA and used to complete the project (not to operate the completed project).

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Misuse of this certificate

Misuse of this exemption certificate may subject you to serious civil and criminal sanctions in addition to the payment of any tax and interest due. These include:

- A penalty equal to 100% of the tax due;
- A \$50 penalty for each fraudulent exemption certificate issued;
- Criminal felony prosecution, punishable by a substantial fine and a possible jail sentence; and
- Revocation of your *Certificate of Authority*, if you are required to be registered as a vendor. See TSB-M-09(17)S, *Amendments that Encourage Compliance with the Tax Law and Enhance the Tax Department's Enforcement Ability*, for more information.

To the seller

When making purchases as agent or project operator of an IDA, the purchaser must provide you with this exemption certificate with all entries completed to establish the right to the exemption. You **must** identify the project on each bill and invoice for such purchases and indicate on the bill or invoice that the IDA or agent or project operator of the IDA was the purchaser.

As a New York State registered vendor, you may accept an exemption certificate in lieu of collecting tax and be protected from liability for the tax if the certificate is valid. The certificate will be considered valid if it is:

- accepted in good faith;
- in your possession within 90 days of the transaction; and
- properly completed (all required entries were made).

An exemption certificate is accepted in good faith when you have no knowledge that the exemption certificate is false or is fraudulently given, and you exercise reasonable ordinary due care. If you do not receive a properly completed certificate within 90 days after the delivery of the property or service, you will share with the purchaser the burden of proving the sale was exempt.

You must also maintain a method of associating an invoice (or other source document) for an exempt sale with the exemption certificate you have on file from the purchaser. You must keep this certificate at least three years after the due date of your sales tax return to which it relates, or the date the return was filed, if later.

Privacy notification

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.

Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.

Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

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(for persons with hearing and speech disabilities using a TTY):

(518) 485-5082

**Annual Report of Sales and Use Tax Exemptions
Claimed by Agent/Project Operator of
Industrial Development Agency/Authority (IDA)****ST-340**

(3/11)

IDA OSC Project
Code: 0502 14 05A

For Period Ending December 31, _____ (enter year)

Project information

Name of IDA agent/project operator REHC 5, Inc.		Federal employer identification number (FEIN) 77-0637408	
Street address 2 Eagle Drive		Telephone number (315) 253-8435 x123	
City Aurelius		State NY	ZIP code 13021
Name of IDA agent/project operator's authorized representative, if any		Title	
Street address		Telephone number ()	
City		State	ZIP code

Name of IDA Cayuga County Industrial Development Agency		
Name of project Johnston Paper Company, Inc.		
Street address of project site 2 Eagle Drive		
City Town of Aurelius (mail Auburn)	State New York	ZIP code 13021

1 Project purpose (mark an X in the appropriate box):

<input type="checkbox"/> Services	<input type="checkbox"/> Construction	<input type="checkbox"/> Agriculture, forestry, fishing
<input type="checkbox"/> Wholesale trade	<input type="checkbox"/> Retail trade	<input type="checkbox"/> Finance, insurance or real estate
<input type="checkbox"/> Transportation, communication, electric, gas, or sanitary services		
<input type="checkbox"/> Manufacturing	<input checked="" type="checkbox"/> Other (specify) Warehouse/Distribution/Office	

2 Date project began (mm/dd/yy): 12 / 16 / 143 Beginning date of construction or installation (mm/dd/yy; see instructions): ____ / ____ / ____; ☐ actual ☐ expected4 Completion date of construction phase of project (mm/dd/yy; see instructions): ____ / ____ / ____; ☐ actual ☐ expected5 Completion date of project (mm/dd/yy; see instructions): ____ / ____ / ____; ☐ actual ☐ expected

6 Duration of project (actual or expected; years/months): ____ / ____

7 Total sales and use tax exemptions (actual tax savings; NOT total purchases) 7 \$

Certification: I certify that the above statements are true, complete, and correct, and that no material information has been omitted. I make these statements with the knowledge that willfully providing false or fraudulent information with this document may constitute a felony or other crime under New York State Law, punishable by a substantial fine and possible jail sentence. I also understand that the Tax Department is authorized to investigate the validity of any information entered on this document.

Print name of officer, employee, or authorized representative signing for the IDA agent/project operator Michael May	Title of person signing President
Signature	Date

Failure to annually file a complete report may result in the removal of authority to act as an IDA agent/project operator.Mail completed report to: **NYS Tax Department, IDA Unit, W A Harriman Campus, Albany NY 12227.**

Instructions

General information

Who must file?

The General Municipal Law (GML) and the Public Authorities Law require the agent/project operator (also known as the *project occupant*) of an Industrial Development Agency or Authority (IDA) to file an annual report with the Tax Department. The agent/project operator required to file this report is the person **directly** appointed by the IDA to act for and to represent the IDA for the project. The agent/project operator is ordinarily the one for whom the IDA project was created.

There is usually only one agent/project operator directly appointed by the IDA for an IDA project. However, if the IDA directly appoints multiple agents/project operators, each agent/project operator must file this form (unless they are related corporations).

Only the agent/project operator(s) directly appointed by the IDA must file Form ST-340. Contractors, subcontractors, consultants, or agents appointed by the agent/project operator(s) should **not** themselves file Form ST-340. However, the agent/project operator(s) must include on Form ST-340 information obtained from such contractors, subcontractors, consultants, and agents, as described below.

What must be reported?

The report must show the **total value of all state and local sales and use taxes exempted** during the calendar year, as a result of the project's designation as an IDA project. This includes:

- the value of the exemptions obtained by the agent/project operator; and
- the value of the exemptions obtained by your contractors, subcontractors, consultants, and others, whether or not appointed as agents of the IDA.

The report requires only the **total combined** exemptions obtained by the above people. A break down of the total is not required. However, since the report must include the value of the exemptions they obtained, the agent/project operator must keep records of the amounts others report to the agent/project operator.

It is important that the agent/project operator make it clear to the contractors, subcontractors, consultants, and others that they must keep accurate tax information and have it available so that the agent/project operator can comply with the annual reporting requirements.

Do not include in this report the amount of any sales and use tax exemptions arising out of other provisions of the Tax Law (for example, manufacturer's production equipment exemption, research and development exemption, or contractor's exemption for tangible personal property incorporated into a project of an exempt organization).

See instructions below for additional information required.

When is the report due?

You must file Form ST-340 on a calendar-year basis. It is due by the last day of February of the following year. The reporting requirement applies to IDA projects started on or after July 21, 1993.

Project information

At the top of the form, identify the reporting period by entering the year in the space provided. If an address is required, always include the ZIP code.

Name of IDA agent/project operator

Enter the name, address, federal employer identification number (FEIN), and telephone number of the IDA agent/project operator.

Name of IDA agent/project operator's authorized representative

Enter the name, address, title (for example, attorney or accountant), and telephone number of the individual authorized by the IDA agent/project operator to submit this report.

Name of IDA

Enter the name and address of the IDA. If more than one IDA is involved in a particular project, the IDA agent/project operator must file a separate report for the tax exemptions attributable to each IDA.

Name of project

Enter the name of the project and the address of the project site. If the IDA agent is involved in more than one project, a separate report must be filed by the IDA agent/project operator for each project, even if authorized by the same IDA.

Line instructions

Line 1 — Project purpose — Mark an **X** in the box that identifies the purpose of the project. If you mark *Other*, please be specific in identifying its purpose.

Line 2 — Enter the date the project started (this means the earliest of the date of any bond or inducement resolution, the execution of any lease, or any bond issuance). Include month, day, and year.

Line 3 — Enter the date you, or your general contractor or subcontractor, actually began, or expect to begin, construction or installation on the project. Mark an **X** in the appropriate box to indicate if the date entered is actual or expected. If the project does not involve any construction, enter **Does not apply**.

Line 4 — Enter the date the construction phase of the project was completed or is expected to be completed. Mark an **X** in the appropriate box to indicate if the date entered is actual or expected.

Line 5 — Enter the date installation, lease, or rental of property (for example, machinery or computers) on the project ended or the date the project is expected to be completed. Mark an **X** in the appropriate box to indicate if the date entered is actual or expected.

Line 6 — Enter the total number of years and months from the project's inception to its completion or expected completion.

Line 7 — Enter the total amount of New York State and local sales and use taxes exempted during the reporting period (if none, enter **0**) as a result of the project's receipt of IDA financial assistance. This includes exemptions obtained at the time of purchase as well as through a refund or credit of tax paid. Include the sales and use taxes exempted on purchases of property or services incorporated into or used on the exempt project. This includes the taxes exempted on purchases made by or on behalf of the agent/project operator, the general contractor for the project, and any subcontractors, consultants, or others. Do **not** enter total purchases on line 7.

Signature area

Enter the name and title of the person signing on behalf of the IDA agent/project operator (for example, the IDA agent/project operator's officer, employee, or other authorized representative). The IDA agent/project operator's officer, employee, or authorized representative must sign the report. Enter the date signed.

Mail completed report to: **NYS Tax Department, IDA Unit, W A Harriman Campus, Albany NY 12227.**

Need help?



Internet access: www.tax.ny.gov
(for information, forms, and publications)



Sales Tax Information Center: (518) 485-2889

To order forms and publications: (518) 457-5431



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(for persons with hearing and speech disabilities using a TTY): (518) 485-5082

Privacy notification

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.

Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.

Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

This information is maintained by the Manager of Document Management, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone (518) 457-5181.

Exhibit C-2

[NYS Form ST-340, "Annual Report of Sales and Use Tax Exemptions"
for Operator]

**Annual Report of Sales and Use Tax Exemptions
Claimed by Agent/Project Operator of
Industrial Development Agency/Authority (IDA)****For Period Ending December 31, _____ (enter year)****ST-340**

(3/11)

IDA OSC Project
Code: 0502 14 05A**Project information**

Name of IDA agent/project operator Johnston Paper Company, Inc.	Federal employer identification number (FEIN) 16-1077248
Street address 2 Eagle Drive	Telephone number (315) 253-8435 x123
City Aurelius	State NY
	ZIP code 13021
Name of IDA agent/project operator's authorized representative, if any	Title
Street address	Telephone number ()
City	State
	ZIP code

Name of IDA Cayuga County Industrial Development Agency		
Name of project Johnston Paper Company, Inc.		
Street address of project site 2 Eagle Drive		
City Town of Aurelius (mail Auburn)	State New York	ZIP code 13021

1 Project purpose (mark an X in the appropriate box):

<input type="checkbox"/> Services	<input type="checkbox"/> Construction	<input type="checkbox"/> Agriculture, forestry, fishing
<input type="checkbox"/> Wholesale trade	<input type="checkbox"/> Retail trade	<input type="checkbox"/> Finance, insurance or real estate
<input type="checkbox"/> Transportation, communication, electric, gas, or sanitary services		
<input type="checkbox"/> Manufacturing	<input checked="" type="checkbox"/> Other (specify) <u>Warehouse/Distribution/Office</u>	

2 Date project began (mm/dd/yy): 12 / 16 / 143 Beginning date of construction or installation (mm/dd/yy; see instructions): ____ / ____ / ____ ; ☐ actual ☐ expected4 Completion date of construction phase of project (mm/dd/yy; see instructions): ____ / ____ / ____ ; ☐ actual ☐ expected5 Completion date of project (mm/dd/yy; see instructions): ____ / ____ / ____ ; ☐ actual ☐ expected

6 Duration of project (actual or expected; years/months): ____ / ____

7 Total sales and use tax exemptions (actual tax savings; NOT total purchases) 7 \$

Certification: I certify that the above statements are true, complete, and correct, and that no material information has been omitted. I make these statements with the knowledge that willfully providing false or fraudulent information with this document may constitute a felony or other crime under New York State Law, punishable by a substantial fine and possible jail sentence. I also understand that the Tax Department is authorized to investigate the validity of any information entered on this document.

Print name of officer, employee, or authorized representative signing for the IDA agent/project operator Thomas Lewis	Title of person signing Secretary/Treasurer/CFO
Signature	Date

Failure to annually file a complete report may result in the removal of authority to act as an IDA agent/project operator.Mail completed report to: **NYS Tax Department, IDA Unit, W A Harriman Campus, Albany NY 12227.**

Instructions

General information

Who must file?

The General Municipal Law (GML) and the Public Authorities Law require the agent/project operator (also known as the *project occupant*) of an Industrial Development Agency or Authority (IDA) to file an annual report with the Tax Department. The agent/project operator required to file this report is the person **directly** appointed by the IDA to act for and to represent the IDA for the project. The agent/project operator is ordinarily the one for whom the IDA project was created.

There is usually only one agent/project operator directly appointed by the IDA for an IDA project. However, if the IDA directly appoints multiple agents/project operators, each agent/project operator must file this form (unless they are related corporations).

Only the agent/project operator(s) directly appointed by the IDA must file Form ST-340. Contractors, subcontractors, consultants, or agents appointed by the agent/project operator(s) should **not** themselves file Form ST-340. However, the agent/project operator(s) must include on Form ST-340 information obtained from such contractors, subcontractors, consultants, and agents, as described below.

What must be reported?

The report must show the **total value of all state and local sales and use taxes exempted** during the calendar year, as a result of the project's designation as an IDA project. This includes:

- the value of the exemptions obtained by the agent/project operator; and
- the value of the exemptions obtained by your contractors, subcontractors, consultants, and others, whether or not appointed as agents of the IDA.

The report requires only the **total combined** exemptions obtained by the above people. A break down of the total is not required. However, since the report must include the value of the exemptions they obtained, the agent/project operator must keep records of the amounts others report to the agent/project operator.

It is important that the agent/project operator make it clear to the contractors, subcontractors, consultants, and others that they must keep accurate tax information and have it available so that the agent/project operator can comply with the annual reporting requirements.

Do not include in this report the amount of any sales and use tax exemptions arising out of other provisions of the Tax Law (for example, manufacturer's production equipment exemption, research and development exemption, or contractor's exemption for tangible personal property incorporated into a project of an exempt organization).

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Signature area

Enter the name and title of the person signing on behalf of the IDA agent/project operator (for example, the IDA agent/project operator's officer, employee, or other authorized representative). The IDA agent/project operator's officer, employee, or authorized representative must sign the report. Enter the date signed.

Mail completed report to: **NYS Tax Department, IDA Unit, W A Harriman Campus, Albany NY 12227.**

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