

**EXTRACT FROM MINUTES OF
THE BUNCOMBE COUNTY INDUSTRIAL FACILITIES AND
POLLUTION CONTROL FINANCING AUTHORITY**

The Buncombe County Industrial Facilities and Pollution Control Financing Authority (the "*Authority*") met in the Planning Conference Room at 46 Valley Street, Asheville, North Carolina, at 12:00 p.m. on the 25th day of November, 2013.

Present: Vernon Dover, Jon Creighton, John Lyda, and Michael C. Frue.

Absent: Erich Schmid, John O'neal and Barbara Whitaker (deceased).

Also present: PLI representative J. Krause and Jerry Rice.

* * * * *

FRUE of the Authority announced that the Authority had been requested by Plasticard-Locktech International, LLP, a North Carolina limited liability partnership (the "*Borrower*"), to agree to provide financing for the acquisition and installation of new machinery and equipment to be located at 605 Sweeten Creek Industrial Park, Asheville, Buncombe County, North Carolina, which will be used for the manufacturing of magnetic strip cards for the hotel key, gift card and/or other types of industries and, accordingly, that Nexsen Pruet, PLLC, as bond counsel to the Authority, had prepared and distributed such an agreement, that counsel for the Authority had reviewed the agreement, and that it was in order for the Authority to approve the proposed agreement and authorize its officers to execute the same.

FRUE and KRAUSE, of the on behalf of the Borrower, reviewed the planned project, pointing out the jobs to be created and the need for the improvements to be financed.

Thereupon, Commissioner FRUE introduced the following resolution which was read:

RESOLUTION AUTHORIZING EXECUTION OF AN AGREEMENT WITH
PLASTICARD-LOCKTECH INTERNATIONAL, LLP, RELATING TO THE
FINANCING OF AN INDUSTRIAL PROJECT IN BUNCOMBE COUNTY,
NORTH CAROLINA AND AUTHORIZING THE ISSUANCE OF BONDS OF
THE AUTHORITY IN THE AGGREGATE PRINCIPAL AMOUNT OF UP TO
\$4,000,000.

BE IT RESOLVED by The Buncombe County Industrial Facilities and Pollution Control Financing Authority as follows:

Section 1. The proposed Memorandum of Agreement relating to the financing of an "industrial" project (the "*Project*") for the Borrower is hereby approved in substantially the form presented at this meeting, and the Chairman or the Vice Chairman and the Secretary or the Assistant Secretary of the Authority are hereby authorized to execute and deliver, for and on behalf of the Authority, counterparts of such Memorandum of Agreement, with such changes, additions and omissions as they may approve, their execution and delivery thereof being final evidence of their approval of any such changes, additions and omissions in the form presented at this meeting.

Section 2. The Authority hereby agrees to issue, subject to the terms and in accordance with the provisions of Chapter 159C of the General Statutes of North Carolina, as amended, its bonds in one or more issues in an aggregate principal amount up to \$4,000,000 to pay all or a portion of the cost of the Project, including, but not limited to, the reimbursement of any costs associated therewith which are paid by the Borrower prior to the date said bonds are issued to the extent permitted by said Chapter 159C, all as set forth in the Memorandum of Agreement, the interest on said bonds to be exempt from federal income taxation by virtue of the provisions of Section 103 of the Internal Revenue Code of 1986, as amended (or any successor therefor) (the "Code").

Section 3. The Authority hereby finds that the issuance of its bonds to finance all or a portion of the cost of the Project, including, but not limited to, the reimbursement of costs paid prior to the date said bonds are issued to the extent permitted by said Chapter 159C, will promote the purposes of said Chapter 159C.

Section 4. The Authority hereby requests, to the extent that the bonds contemplated hereby are to be issued as "qualified small issue bonds" within the meaning of Section 144(a) of the Code, that the State of North Carolina, pursuant to Executive Order 37 of the Governor of the State of North Carolina and Section 143-433.7 of the General Statutes of North Carolina, or any other executive order or legislation relating to volume limitations on tax-exempt financing, allocate to the above-described revenue bonds and the Project \$4,000,000 of the "unified volume limitation" (as described in said Executive Order or in any such other executive order or legislation), and acknowledges that any such allocation shall be only for purposes of said Project and that any portion of such allocation not utilized in connection with such bonds and Project or which terminates or expires will, without further action, revert to the State of North Carolina.

Section 5. The engagement of Nexsen Pruet, PLLC to represent the Authority as bond counsel for the issuance of said bonds is hereby ratified and approved; and the authorized representatives of the Authority named in Section 1 of this resolution, jointly or severally, are hereby authorized to enter into a written engagement letter with Nexsen Pruet, PLLC.

Section 6. This resolution shall take effect upon its passage.

Thereupon, on the motion of Commissioner CREIGHTON, seconded by Commissioner LYDA, the foregoing resolution was passed by the following vote:

Ayes: DOVER, LYDA, CREIGHTON and FRUE.

Noes: None.

Abstentions: n/a.

STATE OF NORTH CAROLINA

COUNTY OF BUNCOMBE

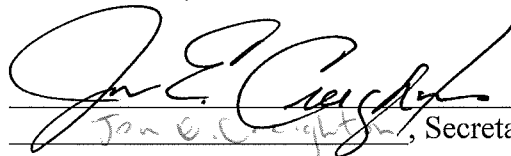
I, Jon E. Creighton, Secretary of The Buncombe County Industrial Facilities and Pollution Control Financing Authority and keeper of the official minutes thereof, DO HEREBY CERTIFY, as follows:

1. A special meeting of The Buncombe County Industrial Facilities and Pollution Control Financing Authority (the "Authority") was duly held on the 25th day of November, 2013, proper notice of such meeting having been given as required by the bylaws of said Authority and by North Carolina statutes, and minutes of such meeting have been duly recorded in the Minute Book kept by me in accordance with law for the purpose of recording the minutes of the Authority.

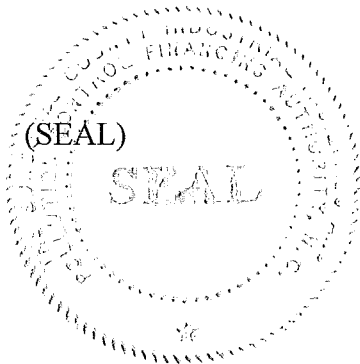
2. I have compared the attached extract with the minutes so recorded and the extract is a true copy of the minutes and of the whole thereof insofar as the minutes relate to matters referred to in such extract.

3. The minutes correctly state the time when the meeting was convened and the place where such meeting was held and the members of the Authority who attended the meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and have hereunto affixed the corporate seal of the Authority, this 25th day of November, 2013.



Jon E. Creighton, Secretary



MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT is between **THE BUNCOMBE COUNTY INDUSTRIAL FACILITIES AND POLLUTION CONTROL FINANCING AUTHORITY**, a political subdivision and body corporate and politic of the State of North Carolina (the "*Authority*"), and **PLASTICARD-LOCKTECH INTERNATIONAL, LLP**, a North Carolina limited liability partnership, its assigns or any subsidiary or affiliate entity established or selected to own or operate the Project (hereinafter defined) (collectively, the "*Borrower*").

1. PRELIMINARY STATEMENT. Among the matters of mutual inducement which have resulted in the execution of this Memorandum of Agreement are the following:

(a) The Authority is a political subdivision and body corporate and politic of the State of North Carolina duly created pursuant to the provisions of Article V, Section 9 of the Constitution of North Carolina and Chapter 159C of the General Statutes of North Carolina, as amended (the "*Act*") and is a political subdivision of a state entitled to issue a state or local bond within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "*Code*"), or a constituted authority authorized to issue obligations for and on behalf of such a political subdivision, all within the meaning of the applicable regulations under the Code.

(b) The Borrower's proposed project consists of the acquisition and installation of new machinery and equipment to be located at 605 Sweeten Creek Industrial Park, Asheville, Buncombe County, North Carolina, which will be used for the manufacturing of magnetic strip cards for the hotel key, gift card and/or other types of industries (the "*Project*") in Buncombe County, North Carolina.

(c) The Borrower expects that the Project may cost as much as \$4,000,000 inclusive of placement costs or commissions, and legal, accounting, financing and printing expenses.

(d) The Borrower has determined that as a result of the Project approximately 45-50 jobs will be created or saved.

(e) The Borrower has requested the Authority to enter into this Memorandum of Agreement for the purpose of declaring the Authority's intention to provide financing to pay all or a portion of the cost of the Project.

(f) The Borrower has represented that neither it nor any affiliate is "refinancing" the Project (as "refinancing" is defined in Chapter 159(c)), that neither it nor any affiliate has paid any expenditures of the Project (other than preliminary expenditures as defined in Chapter 159C) more than 60 days prior to the date of this Agreement and that it is essential that the Borrower let contracts in connection with the acquisition, construction and installation of the Project immediately.

(g) This Memorandum of Agreement is entered into to induce the Borrower to proceed with the necessary plans for the Project and to incur costs in connection with various phases of the Project (including, as appropriate, any design and engineering costs, construction costs and costs of the acquisition and installation of any equipment and related expenses) and to assure the Borrower, prior to the issuance of the bonds of the Authority, that the Authority will, in accordance with and subject to the provisions of the Act, issue bonds to cover costs so incurred by the Borrower in connection with the Project, including reimbursement of such costs paid prior to issuance of the bonds to the extent permitted by Chapter 159C of the General Statutes of North Carolina.

(h) The Borrower proposes that the Authority agree to issue its bonds under the Act in an aggregate principal amount sufficient to pay all or a portion of the cost of the Project, such bonds to be secured by the obligation of the Borrower to pay the debt service thereon and, by virtue of the provisions of Section 144(a) of the Code, if such bonds are issued as "qualified small issue bonds" within the meaning of Section 144(a) of the Code, as now existing or hereafter amended, to be exempt from federal income taxation.

(i) The Authority has determined, based upon representations made by the Borrower and without any independent investigation having been made by the Authority, that the acquisition, rehabilitation, improvement, renovation, enlargement and equipping ("*Acquisition*") of the Project by the Borrower and the financing of all or a portion of the cost of the Project by the Authority, including, but not limited to, reimbursement of costs paid prior to issuance of the bonds to the extent permitted by Chapter 159C, will be in furtherance of the purposes of the Act in that it will induce the Borrower to undertake an "industrial" project in North Carolina and will thereby aid in alleviating unemployment inasmuch as the Project will provide new and save current job opportunities in the Buncombe County area.

2. **UNDERTAKINGS ON THE PART OF THE AUTHORITY.** In accordance with and subject to the limitations of the Act, the Authority agrees as follows:

(a) That it will authorize the issuance and sale of one or more issues of its revenue bonds, pursuant to the terms of the Act as then in force, in an aggregate principal amount of up to \$4,000,000 for the purpose of paying all or a portion of the cost of the Project, including reimbursement of any costs associated therewith paid by the Borrower prior to the issuance of the bonds to the extent permitted by Chapter 159C.

(b) That it will, at the proper time, and subject in all respects to the prior advice, consent and approval of the Borrower, submit such applications, adopt such proceedings and authorize the execution of such documents as may be necessary and advisable for the authorization, sale and issuance of its bonds and the Acquisition of the Project, all as authorized by the Act and mutually satisfactory to the Authority and the Borrower. The bonds shall not be deemed to constitute a debt or a pledge of the faith or credit of the State of North Carolina or any political subdivision or agency thereof, but such bonds shall be payable solely from the payments to be provided (directly or indirectly) by the Borrower. The bonds issued shall be in such aggregate principal

amount, shall bear interest at such rate or rates, shall be payable at such times and places, shall be in such forms and denominations, shall be sold in such manner and at such time or times, shall have such provisions for redemption, shall be executed, and shall be secured as hereafter may be requested by the Borrower and fixed by the Authority, all on terms mutually satisfactory to the Authority and the Borrower.

3. UNDERTAKINGS ON THE PART OF THE BORROWER. Subject to the conditions hereinabove and hereinafter stated, the Borrower agrees as follows:

(a) That it will generally arrange for, manage and carry out the Acquisition of the Project.

(b) That it will cooperate with the Authority in making arrangements for the sale and issuance of the bonds in an aggregate principal amount of up to \$4,000,000 and that to the extent that the proceeds derived from the sale of the bonds are not sufficient to complete the Project, the Borrower will supply all additional funds which are necessary for the completion of the Project.

(c) That contemporaneously with the delivery of the bonds, the Borrower will enter into a loan agreement, lease or other financing agreements, and such guaranties and related agreements, including guaranties of the operator of the Project, as shall be necessary and appropriate so that the Borrower will be obligated to pay for the account of the Authority sums sufficient in the aggregate to pay the principal of and interest and redemption premium, if any, on the bonds when and as the same shall become due and payable.

(d) That it will take such further action and adopt such proceedings as may be required to implement its undertakings hereunder.

4. GENERAL PROVISIONS.

(a) Since it is anticipated that the Acquisition of the Project will commence prior to the sale of the bonds and the Borrower knows and acknowledges that the Authority will have no funds available to meet the costs of the Project other than those derived from the sale of the bonds, the Borrower agrees that it will advance from time to time all funds necessary for the Acquisition of the Project; provided, however, that the Authority shall not by virtue of such advances or otherwise through this Memorandum of Agreement acquire any property interest in the Project whatsoever. To the extent that the net proceeds derived from the sale of the bonds are sufficient for such purpose, the Authority agrees to repay from such net proceeds to the Borrower all funds so advanced promptly after the sale of the bonds.

(b) The Authority and the Borrower agree that the Borrower shall provide all services incident to the Acquisition of the Project, including, without limitation, acquisition of land and/or equipment, the preparation of plans, specifications and contract documents, the award of contracts, the inspection and supervision of work performed, the employment of engineers, architects, builders and other contractors, and the provision of money to pay the cost thereof pending reimbursement by the Authority from such bond

proceeds, and the Authority shall have no responsibility for the provision of any such services.

(c) All commitments of the Authority and of the Borrower pursuant to this Memorandum of Agreement are subject to the condition that on or before 365 days from the date of this Memorandum of Agreement (or such later date as shall be mutually satisfactory to the Authority and the Borrower), the Authority and the Borrower shall have agreed to mutually acceptable terms for the bonds and the sale and delivery thereof and mutually acceptable terms and conditions for the agreements referred to in Section 3(c) and the proceedings referred to in Sections 2 and 3 hereof.

(d) Notwithstanding any other provision hereof, the term of this Memorandum of Agreement shall be deemed to have been extended for successive 365-day periods following the expiration of the term set forth in the foregoing paragraph (c) unless and until either party hereto notifies the other in writing of its election to terminate this Memorandum of Agreement not less than 30 days prior to the expiration of the current 365-day period. If the events set forth in paragraph (c) of this Section do not take place within the time set forth or any extension thereof, the Borrower agrees that it will reimburse the Authority for all reasonable out-of-pocket expenses arising from the execution of this Memorandum of Agreement and the performance by the Authority of its obligations hereunder, and this Memorandum of Agreement shall thereupon terminate.

(e) So long as this Memorandum of Agreement is in effect, all risk of loss to the Project will be borne by the Borrower.

(f) The Borrower hereby releases the Authority from, agrees that the Authority and each Commissioner, officer and employee thereof shall not be liable for, and agrees to indemnify and hold harmless the Authority and each Commissioner, officer and employee thereof from, any liabilities, obligations, claims, damages, litigation, costs and expenses (including attorneys' fees and expenses) imposed on, incurred by or asserted against the Authority or any Commissioner, officer or employee thereof for any reason whatsoever pertaining to the Project, the bonds or this Memorandum of Agreement or any transaction contemplated by this Memorandum of Agreement.

(g) As a matter of general assurance by the Borrower to the Authority, the Borrower hereby covenants and agrees that it will indemnify the Authority for all reasonable expenses, costs and obligations incurred by the Authority under the provisions of this Memorandum of Agreement to the end that the Authority will not suffer any out-of-pocket losses as a result of the carrying out of any of its undertakings herein contained. It is furthermore expressly agreed that any pecuniary liability or obligation of the Authority hereunder shall be limited solely to the payments received by the Authority from the Borrower and to moneys derived from any financing relating to the Project, and nothing contained in this Memorandum of Agreement shall ever be construed to constitute a personal or pecuniary liability or charge against any Commissioner or any officer or employee of the Authority, and in the event of a breach of any undertaking on the part of the Authority contained in this Memorandum of Agreement, no personal or

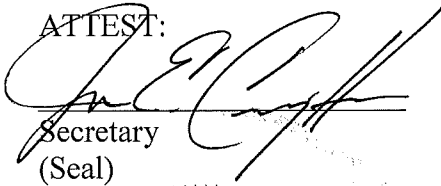
pecuniary liability or charge payable directly or indirectly from the general funds of the Authority shall arise therefrom.

(h) The Authority acknowledges and agrees that Plasticard-Locktech International, LLP may assign and transfer its respective rights and duties under this Memorandum of Agreement to a successor, subsidiary or an affiliate of Plasticard-Locktech International, LLP, provided that such successor, subsidiary or affiliate complies with all the provisions and limitations in this Memorandum of Agreement and that the defined term "Borrower," as used herein, includes such successor or assignee.

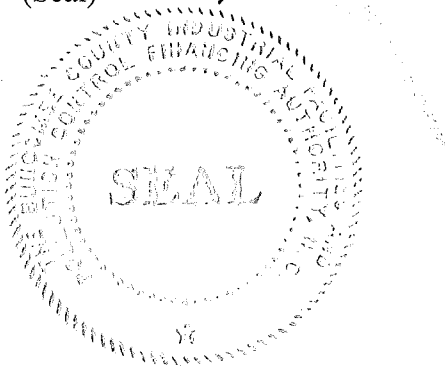
(i) The Borrower hereby acknowledges that Nexsen Pruet, PLLC, as bond counsel to the Authority, is representing only the Authority in connection with the issuance of the bonds and matters related thereto and is not representing the Borrower on any such matters.

IN WITNESS WHEREOF, the parties hereto have entered into this Memorandum of Agreement by their officers thereunto duly authorized as of the 25th day of November, 2013.

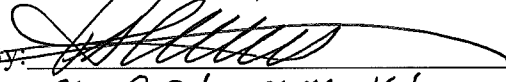
**THE BUNCOMBE COUNTY INDUSTRIAL
FACILITIES AND POLLUTION CONTROL
FINANCING AUTHORITY**

ATTEST:

Secretary
(Seal)

By: 
Chairman



**PLASTICARD-LOCKTECH
INTERNATIONAL, LLP**

By: 
Its: Chief Sales & Marketing Officer