

**BOND RESOLUTION**  
(Claxton-Hepburn Medical Center Project)

A regular meeting of the St. Lawrence County Industrial Development Agency (the "Issuer") was convened in public session on September 28, 2006 at 8:06 a.m., local time, at McCarthy's Restaurant in Canton, New York.

The meeting was called to order by the Chairman, with the following members being:

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

Also present: Patrick Kelly, Deputy Director; Rich Williams, Facilities Manager; Brian Norton, Economic Developer; Natalie Haggart, Administrative Assistant; Edwin Short, Chief Financial Officer; William R. Small, Esq., Agency Counsel; Justin Miller (Harris Beach PLLC), Bond Counsel, Ben Dixon (St. Lawrence University); John Friot (WWNY TV 7).

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to a proposed project for Claxton-Hepburn Medical Center.

On motion duly made by Mr. Blevins and seconded by Mr. LaBaff, the following resolution was placed before the members of the St. Lawrence County Industrial Development Agency (the "Issuer"):

Resolution No. 06-09-14

**RESOLUTION (I) AUTHORIZING THE ISSUANCE AND SALE OF THE ISSUER'S VARIABLE RATE DEMAND CIVIC FACILITY REVENUE REFUNDING BONDS, SERIES 2006 (CLAXTON-HEPBURN MEDICAL CENTER PROJECT), SERIES 2006, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,000.00 (THE "BONDS"); AND (II) AUTHORIZING THE EXECUTION OF RELATED DOCUMENTS.**

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

WHEREAS, the Company (as defined below) has requested the Issuer to issue its Variable Rate Demand Civic Facility Revenue Refunding Bonds (Claxton-Hepburn Medical Center Project), Series 2006 in an aggregate principal amount not to exceed \$20,000,000 (the "Bonds") for the purpose of providing funds to finance a portion of the costs incurred in connection with a certain project (the "Project") for the benefit of Claxton-Hepburn Medical Center, a New York not-for-profit corporation (the "Company") consisting of:

(A) the advance refunding of all or a portion of the Issuer's \$12,450,000 original principal amount Civic Facility Revenue Bonds (Hepburn Medical Center Project-Letter of Credit Secured), Series 1999 (the "Series 1999 Bonds"), the proceeds of which were used to finance a certain project (the "Series 1999 Project") consisting of: (1) the acquisition by the Issuer of an interest in the Company's existing Medical Center facility located on a two-block parcel of land, bordered by King Street, Ford Avenue, Ogden Avenue and Mansion Avenue, in the City of Ogdensburg, St. Lawrence County, New York (the "Land"), and the existing improvements thereon, consisting principally of approximately 153,600 square feet of building space contained collectively in the buildings constructed in 1918, 1919, 1960 and 1975 and used for hospital-related services; (2) the construction of (i) an approximately 26,000 square-foot, three-story addition to the northeast end of the 1960 building, to be used to house, among other things, ambulatory services, a medical/surgical replacement nursing unit, kitchen, dining and serverly facilities, and new mechanical and electrical service infrastructure upgrades and (ii) an approximately 4,900 square foot addition connecting the 1960 and 1975 buildings to be used as an additional support area for medical/surgical beds and to house an expansion of radiology services; (3) the renovation and reconstruction of approximately 42,300 square feet of existing building space consisting of (i) the renovation of the second floor of the 1975 building to provide for a 21-bed medical/surgical unit and the renovation of a portion of the first floor to house an enhanced emergency department, (ii) the reconstruction of the existing King Street entrance and the installation thereon and therein of a new curb and hydraulic elevator and (iii) the renovation of the first floor of the 1960 building to provide for an improved lobby, registration facilities and ambulatory functions; and (4) the acquisition and installation of certain machinery, equipment and other items of tangible personal property (said buildings and improvements situated on the Land being hereinafter collectively referred to as the "Series 1999 Improvements"; said machinery, equipment and other items of tangible personal property being hereinafter referred to as the "Series 1999 Equipment"; and the Land, the Series 1999 Improvements and the Series 1999 Equipment being hereinafter referred to as the "Series 1999 Facility"); (B)(1) the acquisition or retention by the Issuer of fee title to or other interest in the Series 1999 Facility; (2) the construction of an approximately 5,128 square-foot one-story addition to the first floor of the 1999 Facility to house a new ambulatory outpatient surgery area including two new surgical suites and an expansion of the Company's Outpatient Imaging services, an approximately 8,243 square-foot expansion of the third floor of the 1999 Facility to house activities space, office space and related amenities for the Company's Mental Health Company, and an approximately 8,243 square-foot expansion of the fourth floor of the 1999 Facility to house a new 10-bed obstetrics unit (collectively, the "Improvements"); (3) the acquisition of and installation in and around the Improvements of certain items of machinery, equipment, furniture and other tangible personal property (the "Equipment" and, collectively with the Improvements and the 1999 Facility, the "Facility"); (C) the payment of certain cost and expenses incidental to the issuance

of the Bonds; (D) the sale of the facilities financed with the Bonds to the Company pursuant to the Installment Sale Agreement (as defined below); and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted by the Department of Environmental Conservation of the State of New York (the laws and regulations hereinafter collectively referred to as "SEQRA"), by Inducement Resolution adopted on August 29, 2006, the Issuer determined that its undertaking of the Project and providing financial assistance to the Company for refinancing the costs incurred in the original acquisition, construction and equipping of the Facility and the acquisition, construction and equipping of the Improvements would not have a significant adverse impact on the environment under SEQRA; and

WHEREAS, the Bonds will be issued under and pursuant to the terms of a certain Indenture of Trust, dated as of October 1, 2006 (the "Indenture"), by and between the Issuer and a trustee to be selected by the Company and acceptable to the Issuer (the "Trustee"); and

WHEREAS, contemporaneously with the execution of the Indenture and in order to undertake the Project, the Issuer and the Company have entered into a certain Installment Sale Agreement, dated as October 1, 2006, pursuant to which the Issuer will sell its interest in the Facility to the Company on an installment basis (the "Installment Sale Agreement"); and

WHEREAS, the Bonds are to be secured pursuant to an irrevocable, transferable, direct pay letter of credit (the "Letter of Credit") to be issued by KeyBank National Association (the "LOC Bank") pursuant to a Letter of Credit Reimbursement Agreement, dated as of October 1, 2006 (the "Reimbursement Agreement"), between the Company and the LOC Bank, with the Letter of Credit being issued to the Trustee for the benefit of the holders of the Bonds to pay the principal of, Purchase Price and Redemption Price of, and interest on the Bonds; and

WHEREAS, as security for the Bonds, (i) the Company will guarantee the payment of the principal of, Purchase Price and redemption price of, and interest on Bonds pursuant to the terms of a certain Guaranty, dated as of October 1, 2006, from the Company to the Trustee and the Issuer (the "Guaranty"), and (ii) the Issuer will assign to the LOC Bank and the Trustee substantially all of its rights under the Installment Sale Agreement (except the Unassigned Rights), pursuant to a certain Pledge and Assignment, dated as of October 1, 2006, from the Issuer to the LOC Bank and the Trustee and acknowledged by the Company (the "Pledge and Assignment"); and

WHEREAS, in order to provide for the advance refunding of the Series 1999 Bonds, the Issuer, the Company and the Trustee, for the Series 1999 Bonds, will enter into a certain Escrow Agreement, dated as of October 1, 2006 (the "Escrow Agreement") pursuant to which a portion of Bond Proceeds will be held in escrow to pay the redemption price of the Series 1999 Bonds on the Redemption Date; and

WHEREAS, in compliance with §859-a of the Act and §147(f) of the Internal Revenue Code of 1986, as amended, (the "Code") the Issuer on September 26, 2006, held a public hearing

on the issuance of the Bonds following publication in the *Gouverneur-Tribune Press* on August 24, 2006, and in the *Advance News* on August 27, 2006, of a notice of the public hearing; and

WHEREAS, a resolution is to be adopted by the St. Lawrence County Legislature, the "applicable elected representative" on October 2, 2006, as required under §147(f) of the Code approving the issuance of the Bonds; and

WHEREAS, the Company has received a commitment from First Albany Capital, Inc. (the "Underwriter") to purchase the Bonds pursuant to the terms of the Bond Purchase Agreement, to be dated on or about the closing date, (the "Bond Purchase Agreement"), among the Issuer, the Company and the Underwriter.

NOW, THEREFORE, BE IT RESOLVED by the St. Lawrence County Industrial Development Agency (a majority of the members thereof affirmatively concurring) as follows:

Section 1. The Issuer hereby finds and determines:

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

(b) The Project constitutes a "project" and a "civic facility", as such terms are defined in the Act;

(c) The refunding of the Series 1999 Bonds and the undertaking of the Project, the Issuer's acquisition of title to the Facility from the Company and the Issuer's sale of its interest in the Facility back to the Company will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of St. Lawrence County and the State of New York and improve their standard of living and thereby serve the public purposes of the Act;

(d) The refunding of the Series 1999 Bonds and the undertaking of the Project is reasonably necessary to induce the Company to maintain and expand its operations within the State of New York;

(e) It is desirable and in the public interest for the Issuer to issue and sell the Bonds in the aggregate principal amount not to exceed \$20,000,000 upon the terms and conditions set forth in the Bond Purchase Agreement for the purpose of refunding the Series 1999 Bonds and undertaking the Project, together with necessary incidental expenses in connection therewith;

(f) The public hearing held by the Issuer on September 26, 2006, concerning the issuance of the Bonds and the nature and location of the Facility was duly held in accordance with the requirements of the Internal Revenue Code and the Act, including but not limited to the giving of public notice of the meeting a reasonable time before the

meeting and affording a reasonable opportunity for persons with differing views on both the issuance of the Bonds and the location and nature of the Facility to be heard;

(h) The Indenture is an effective instrument that, among other things, secures the Bonds, assigns to the Trustee certain rights and remedies of the Issuer under the Installment Sale Agreement, and authorizes the Trustee to accept and execute trusts of the character set forth in the Indenture;

(i) The Company Deed, dated as of October 1, 2006 (the "Company Deed") is an effective instrument whereby the Company conveys title to the Facility to the Issuer;

(j) The Installment Sale Agreement together with a deed from the Issuer to the Company to be dated and delivered the Completion Date (as defined in the Indenture) (the "Issuer Deed") is an effective instrument whereby the Issuer conveys its interest in the Facility back to the Company;

(k) The Pledge and Assignment is an effective instrument under which the Issuer assigns to the LOC Bank and the Trustee certain of its rights and remedies thereunder, including the right to collect and receive certain moneys due and to become due thereunder (except for Unassigned Rights as defined in Schedule A of the Indenture);

(l) Under §145 of the Code, the interest on an issue of qualified 501(c)(3) bonds issued by a public benefit corporation of a state on behalf of a 501(c)(3) organization is exempt from federal income taxes, subject to the limitations and requirements of such Code;

(m) The proposed form of Official Statement to be dated on or around the Closing Date (as defined in the Indenture) (the "Official Statement") to be distributed by the Issuer, the Underwriter and the Company in connection with the issuance and sale of the Bonds contains true and accurate information regarding the ability of the Issuer to issue the Bonds and the information contained therein regarding the Issuer, the Bonds, the Bond Purchase Agreement, the Indenture, the Company Deed, the Installment Sale Agreement and the Assignment, is hereby approved;

(n) The Escrow Agreement is an effective instrument to provide for a portion of Bond Proceeds to be held in escrow to pay the principal of and interest on the Series 1999 Bonds on the Redemption Date.

Section 2. In consequence of the foregoing, the Issuer hereby determines to: (i) issue and sell the Bonds to the Underwriter pursuant to and in accordance with the Bond Purchase Agreement, (ii) use the proceeds of the Bonds to refund the Series 1999 Bonds and undertake the Project and acquire title to the Facility from the Company in accordance with the Company Deed; (iii) convey its interest in the Facility to the Company pursuant to the Installment Sale Agreement and the Issuer Deed, (iv) secure the Bonds by vesting certain powers and duties in the Trustee pursuant to the Indenture, and by assigning to the LOC Bank and the Trustee certain of the Issuer's rights and remedies under the Installment Sale Agreement, including the right to

collect and receive amounts payable thereunder (except for Unassigned Rights as defined in the Indenture) pursuant to the Pledge and Assignment, (v) obtain a resolution of the St. Lawrence County Legislature that the Bonds have satisfied the public approval requirement of §147(f) of the Code, and (vii) file the Information Return for Private Activity Bond Issues, Form 8038 (the "Information Return") in the manner and at the places provided in the Code.

Section 3. The Issuer is hereby authorized to acquire an interest in the real and personal property described in the Company Deed and to convey the same to the Company pursuant to the terms of the Installment Sale Agreement and the Issuer Deed and to do all things necessary or appropriate for the accomplishment thereof, and all acts theretofore taken by the Issuer with respect to such acquisition are hereby approved, ratified and confirmed.

Section 4. The form and substance of the Bonds, the Bond Purchase Agreement, the Indenture, the Company Deed, the Issuer Deed, the Installment Sale Agreement, the Escrow Agreement, the Pledge and Assignment, the Official Statement and the Guaranty, (each in substantially the form presented to the Issuer and which, prior to the execution and delivery thereof, may be redated) are hereby approved and the Secretary is hereby directed to include copies of the form of the Bonds, the Bond Purchase Agreement, the Indenture, the Company Deed, the Issuer Deed, the Installment Sale Agreement, the Pledge and Assignment, the Official Statement and the Guaranty submitted to this meeting with the records of the Issuer.

Section 5. The Issuer is hereby authorized to issue and execute, sell and deliver the Bonds to the Purchaser in the aggregate principal amount not to exceed \$20,000,000, pursuant to the Act and in accordance with the Bond Purchase Agreement and the Indenture, provided that:

(a) The Bonds shall (i) be issued, executed and delivered at such time as the Chairman or Vice Chairman of the Issuer shall determine, and (ii) bear interest at the rates, be subject to redemption or tender prior to maturity, and have such other provisions and be issued in such manner and on such conditions as are set forth in the Bonds, the Bond Purchase Agreement and the Indenture, which terms are specifically incorporated herein with the same force and effect as if fully set forth herein.

(b) The Bonds shall be issued solely for the purpose of providing funds to undertake the acquisition, construction and equipping of the Improvements, to refund the Series 1999 Bonds, and to finance certain administrative, legal, financial and other expenses of the Issuer incurred in connection with the undertaking of the Project and incidental to the issuance of the Bonds.

(c) The Bonds and the interest thereon are not and shall never be a debt of the State of New York or St. Lawrence County, New York, and neither the State of New York nor St. Lawrence County, New York, shall be liable thereon.

(d) The Bonds, together with interest payable thereon, shall be special obligations of the Issuer payable solely from draws on the Letter of Credit and the revenues and receipts derived from the sale of the Facility or from the enforcement of the security provided by the Indenture, the Installment Sale Agreement and the Assignment.

(e) Notwithstanding any other provision of this resolution, the Issuer covenants that it will make no use of the proceeds of the Bonds or of any other funds that, if such use had been reasonably expected on the date of issue of the Bonds, would cause the Bonds to be "arbitrage bonds" within the meaning of §148 of the Code.

#### Section 6.

(a) The Chairman, Vice Chairman and Chief Executive Officer of the Issuer are hereby authorized on behalf of the Issuer, to execute and deliver the Bonds, the Bond Purchase Agreement, the Indenture, the Company Deed, the Issuer Deed, the Installment Sale Agreement, the Escrow Agreement, the Pledge and Assignment, the Official Statement, and the Bonds (hereinafter collectively called the "Financing Documents") and, where appropriate, the Secretary or any assistant secretary of the Issuer is hereby authorized to affix the seal of the Issuer to the Bonds, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, the Vice Chairman or the Chief Executive Officer of the Issuer shall approve. The execution thereof by the Chairman, Vice Chairman, Chief Executive Officer or any member of the Issuer shall constitute conclusive evidence of such approval.

(b) The Chairman, the Vice Chairman and Chief Executive Officer of the Issuer are further hereby authorized, on behalf of the Issuer, to designate any additional Authorized Representatives of the Issuer (as defined in the Indenture).

(c) The Chairman, the Vice Chairman and Chief Executive Officer are each hereby authorized on behalf of the Issuer to deem the Official Statement final for purposes of Rule 15c-2-12 under the Securities Act of 1934, as amended, if applicable, with such changes therein as shall be approved by such officers upon the advice of counsel to the Issuer and the Bond Counsel, and such officers shall be behalf of the Issuer authorize and approve the execution, delivery and distribution of the Official Statement in connection with the offer and sale of the Bonds.

Section 7. The officers, employees and agents of the Issuer are hereby authorized and directed for and in the name and on behalf of the Issuer to do all acts and things required or provided for by the provisions of the Financing Documents, and to execute and deliver all such additional certificates, instruments and documents, pay all such fees, charges and expenses (provided they shall be reimbursed by the Company) and to do all such further acts and things as may be necessary, or in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Issuer with all of the terms, covenants and provisions of the Financing Documents binding upon the Issuer.

#### Section 8.

(a) It is desirable and in the best interest of the Issuer that, in connection with the issuance of the Bonds, the Bonds be qualified or registered for offer in various states

authorized by the Issuer and that each of the members, officers, employees and agents of the Issuer be, and they hereby are each, authorized to determine the states in which appropriate action shall be taken to qualify or register for offer all or such part of the Bonds as said members, officers, employees and agents may deem advisable (and any such action taken to date is hereby approved, ratified and confirmed); that each of said members, officers, employees and agents be, and they hereby are each, authorized and directed to take any and all action for and on behalf of the Issuer, in connection with the proposed offering of the Bonds, which they may deem necessary or appropriate to obtain licenses or permits, or register, qualify or notice the Bonds for reoffering and issuance under the securities or Blue Sky laws of such of the various states as each of said members, officers, employees or agents may deem advisable (and any such action taken to date is hereby approved, ratified and confirmed), and in connection with such registration, licenses, permits, qualifications or notices, to execute and file for and on behalf of the Issuer all such applications, notices, reports, Issuer's covenants, resolutions, irrevocable consents to service of process (including appointment of a designated state official to act as agent to receive process), powers of attorney and information, and to take all such further action as any of them may deem necessary or desirable to keep in effect such registrations, licenses, permits, qualifications or notices or to comply with the requirements of any regulatory commission whose approval or notification with respect to the Bonds may be required (and any such action taken to date is hereby approved, ratified and confirmed); and that the execution by such members, officers, employees and agents of the Issuer of any such paper or document or the doing by them of any act in connection with the foregoing matters shall conclusively establish their authority therefor by the Issuer of the papers and documents so executed and the action so taken ( and any such action taken to date is hereby approved, ratified and confirmed).

(b) The Issuer hereby adopts the form of any resolution required by any state authority to be filed in connection with any application, consent to service of process or other document mentioned in the foregoing resolution if (i) in the opinion of a member, officer, employee or agent of the Issuer the adoption of such a resolution is necessary or advisable, and (ii) the Secretary or Assistant Secretary of the Issuer evidences such adoption by attaching to the minutes of this meeting copies of such resolutions, which will thereupon be deemed to have been adopted by the Issuer with the same force and effect as if originally attached to the minutes of this meeting (and any such action taken to date is hereby approved, confirmed and ratified).

(c) The Issuer hereby resolves that each of the members, officers, employees and agents be, and they hereby are each, authorized and directed to take any and all action for and on behalf of the Issuer in connection with the proposed issuance and offering of the Bonds which they may deem necessary or appropriate to render the Bonds legal for investment by savings banks, insurance companies, trust funds and any other institutions in such of the various states as such members, officers, employees or agents may deem advisable (and any such action taken to date is hereby approved, confirmed and ratified).

Section 9. The Issuer hereby appoints each Member of the Issuer to serve as an Assistant Secretary of the Issuer for purposes of this transaction.

Section 10. Due to the complex nature of this transaction, the Issuer hereby authorizes its Chairman (or Vice Chairman) or Chief Executive Officer to approve, execute and deliver such further agreements, documents and certificates as the Issuer may be advised by Bond Counsel to be necessary or desirable to effectuate the foregoing, such approval to be conclusively evidenced by the execution of any such agreements, documents or certificates by the Chairman (or Vice Chairman) or Chief Executive Officer of the Issuer.

Section 11. This Resolution shall take effect immediately and the Bonds are hereby ordered to be issued in accordance with this resolution.

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

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

The foregoing Resolution was thereupon declared duly adopted.

SECRETARY'S CERTIFICATION

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

I, the undersigned Secretary of the Issuer DO HEREBY CERTIFY THAT:

1. I have compared the foregoing copy of a resolution of the Issuer with the original thereof on file in the office of the Issuer, and that the same is a true and correct copy of such resolution and of the proceedings of the Issuer in connection with such matter.
2. Such resolution was passed at a meeting of the Issuer duly convened in public session on the 28<sup>th</sup> day of September, 2006, at 8:06 a.m., at McCarthy's Restaurant, Route 11, Canton, New York, at which the following members were:

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

3. The question of the adoption of the foregoing resolution was duly put to a vote on roll call which resulted follows:

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

and therefore, the resolution was declared duly adopted.

I FURTHER CERTIFY that (i) all members of the Issuer had due notice of said meeting, (ii) pursuant to Sections 103a and 104 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public and public notice of the time and place of said meeting was duly given in accordance with such Sections 103a and 104, (iii) the meeting in all respects was duly held, and (iv) there was a quorum present throughout.

*IN WITNESS WHEREOF*, I have hereunto set my hand and seal on the 28<sup>th</sup> day of September, 2006.

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Mr. Lynn Blevins, Secretary

[SEAL]