

INDUCEMENT RESOLUTION – CURRAN RENEWABLE ENERGY, LLC PROJECT

A regular meeting of the St. Lawrence County Industrial Development Agency was convened on March 27, 2007, at 8:07 a.m., local time, at Best Western University Inn, 90 East Main Street, Canton, New York.

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

MEMBER	PRESENT	ABSENT
Walter Basmajian	X	
Lynn Blevins	X	
Jon. R. Greenwood	X	
Ernest LaBaff	X	
Frederick S. Morrill	X	
Brian W. Staples	X	
R. Joseph Weekes, Jr.		X

The following persons were ALSO PRESENT: Raymond Fountain, CEO; Patrick Kelly, Interim CFO; Natalie Haggart, Administrative Assistant; Richard Williams, Facilities Manager; Brian Norton, Economic Developer; William R. Small, Esq., Agency Counsel; Jason Clark, Massena Business Development Corp.

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 the benefit of Curran Renewable Energy, LLC.

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

Member	Aye	Nay	Abstain	Absent
Walter Basmajian	X			
Lynn Blevins	X			
Jon. R. Greenwood	X			
Ernest LaBaff	X			
Frederick S. Morrill	X			
Brian W. Staples	X			
R. Joseph Weekes, Jr.				X

RESOLUTION OF THE ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (1) APPOINTING CURRAN RENEWABLE ENERGY, LLC AS ITS AGENT TO UNDERTAKE A CERTAIN PROJECT (AS MORE FULLY DESCRIBED BELOW); (2) ISSUING A DETERMINATION OF SIGNIFICANCE UNDER THE NEW YORK STATE ENVIRONMENTAL QUALITY REVIEW ACT FOR THE PROJECT; (3) APPROVING THE EXECUTION OF A CERTAIN CONTRACT OF SALE FOR REAL PROPERTY WITH CURRAN RENEWABLE ENERGY, LLC; AND (5) ACKNOWLEDGING THE PUBLIC HEARING HELD ON MARCH 7, 2007, WITH RESPECT TO THE PROJECT

Resolution No. 07-03-10

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, (hereinafter collectively called the "Act"), the **ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (hereinafter called the "Issuer") was created with the authority and power to promote, develop, encourage and assist in acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, civic, research, and recreational facilities as authorized by the Act, and in connection therewith to issue its revenue bonds, enter into straight lease transactions and provide other forms of financial assistance; and

WHEREAS, **CURRAN RENEWABLE ENERGY, LLC** (the "Company"), a New York limited liability company having offices at 15121 State Highway 37, Massena, New York, previously submitted an application (the "Application") to the Issuer, requesting that the Issuer issue its Industrial Development Revenue Bonds (Curran Renewable Energy, LLC Project), Series 2007 (the "Bonds") in the aggregate principal amount not to exceed \$10,000,000 to provide funds for the Company to undertake a certain project (the "Project") consisting of: (A) the acquisition (or retention) by the Issuer of an interest in (i) certain real property located at 16 Commerce Drive, Massena, St. Lawrence County, New York (the "16 Commerce Drive Land") and the approximately 30,000 square-foot vacant building located thereon (the "16 Commerce Drive Existing Improvements") and (ii) 20 Commerce Drive, Massena, St. Lawrence County, New York (the "20 Commerce Drive Land" and, together with the 16 Commerce Drive Land, the "Land") and the approximately 14,000 square-foot vacant building located thereon (the "20 Commerce Drive Existing Improvements" and together with the 16 Commerce Drive Existing Improvements, the "Existing Improvements"); (B) the upgrading, renovation and modernization of the Improvements to house the Company's wood pellet production and manufacturing business, including approximately 4,000 square feet of office and related space (the "New Improvements" and, together with the Existing Improvements, the "Improvements"); (C) the acquisition and installation in and around the Improvements of certain items of machinery, equipment and other tangible personal property including, but not limited to, mulch and chip handling systems, dust collection systems, sprinkler systems, construct bins and conveyor systems, concrete piers and pads, overhead bins and loading trailers, packaging line and power distribution systems, sawdust storage and transport systems, dry and burner systems, spark detection and extinguishing systems, and emergency stop circuits and fire safety equipment (the "Equipment" and, together with the Land and the Improvements, the "Facility"); (D) the funding of a debt service reserve fund to secure the Bonds; (E) paying certain costs and expenses incidental to the issuance of the Bonds (the costs associated with items (A) through (E) above being hereinafter collectively referred to as the "Project Costs"); and (F) the sale or lease (with an obligation to purchase) of the facilities financed with the Bonds to the Company; and

WHEREAS, the Issuer is contemplating providing financial assistance to the Company with respect to the Project (collectively, the "Financial Assistance") in the form of: (1) the financing of the Project and certain necessary and incidental expenditures incurred in connection therewith through the issuance by the Issuer of its industrial development revenue bonds in one or more series in an amount not to exceed the lesser of the Project Costs or \$10,000,000, (2) an exemption from all state and local sales and use taxes with respect to the qualifying personal

property included in or incorporated into the Facility or used in the acquisition, construction, renovation or equipping of the Facility, (3) the grant of one or more mortgage liens on the Issuer's interest in the Facility (the "Mortgages") to secure the Bonds and/or any other indebtedness incurred by or for the benefit of the Company in connection with the Project, which Mortgages would be exempt from all mortgage recording taxes imposed in the State, and (4) the retention of title to or a leasehold interest in the Facility by the Issuer for a period of time so as to enable the Company to enter into an agreement with the Issuer regarding payments in lieu of real property taxes (the "PILOT Agreement") for the benefit of each municipality and school district having taxing jurisdiction over the Project; and

WHEREAS, the Issuer owns the Land and Existing Improvements located thereon and desires to transfer the same to the Company in furtherance of the Project through a negotiated disposition, as permitted pursuant to the Public Authorities Accountability Act of 2005 ("PAAA"); and

WHEREAS, pursuant to resolutions adopted on January 25, 2007 the Issuer: (1) made a declaration of "official intent" (within the meaning of the United States Treasury Regulations Section 1.150-2(d)) with respect to the Project; (2) directed that a public hearing (the "Public Hearing") be held in with the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); (3) authorized the negotiated disposition to the Company of the Issuer's interest in the Land and Existing Improvements located thereon in accordance with Public Authorities Law ("PAL") Section 2897(6)(c)(v); and (4) authorized the execution and delivery of a Notice of Disposition, attached hereto as **Exhibit A**, as required pursuant to the PAAA; and

WHEREAS, the Issuer and the Company have negotiated the terms of a certain contract of sale with respect to the Land and the Existing Improvements located thereon (the "Contract of Sale"), the form of which is attached hereto as **Exhibit B**; and

WHEREAS, on Wednesday, March 7, 2007, at 11:00 a.m., in Massena Town Hall, Room 30, 60 Main Street, Massena, New York, the Issuer duly held a Public Hearing as required by and in compliance with Article 18-A of the New York State General Municipal Law and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), minutes of which Public Hearing are attached hereto as **Exhibit C**; and

WHEREAS, the Issuer now desires to make a determination of environmental significance regarding the issuance of the Bonds, the undertaking of the Project and the providing of contemplated financial assistance in conformance with the New York State Environmental Quality Review Act, Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto at N.Y.C.R.R. Part 617 (hereinafter collectively referred to as "SEQR"); and

WHEREAS, to aid the Issuer in making a determination of significance pursuant to SEQR, the Company has submitted to the Issuer a completed Full Environmental Assessment Form (the "EAF") with respect to the Project, a copy of which is attached hereto as **Exhibit D**; and

WHEREAS, the Issuer has declared itself Lead Agency under SEQR for purposes of conducting the requisite review; and

WHEREAS, the Company reasonably expects that it will (1) pay or incur certain capital expenditures in connection with the Project prior to the issuance of the Bonds, (2) use funds from sources other than proceeds of the Bonds which are or will be available on a short-term basis to pay for such capital expenditures, and (3) reimburse itself for the use of such funds with proceeds of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ST. LAWRENCE COUNTY DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Project is an unlisted action (as said term is defined under SEQR), pursuant to 6 N.Y.C.R.R. Part 617.2 (ak). As such, the Issuer has conducted an uncoordinated review of the Project under SEQR. Based upon the review by the Issuer of the EAF and related documents delivered by the Company to the Issuer and other representations made by the Company to the Issuer in connection with the Project, the Issuer hereby finds that the Project will *not* result in a potential significant adverse environmental impact and that the preparation of an environmental impact statement is not required. This determination constitutes the Issuer's negative declaration (as said term is defined under SEQR) for purposes of SEQR. This completes the Issuer's under of SEQR.

Section 2. Subject to the Company executing the Inducement Agreement in the form attached hereto as Exhibit E and the delivery to the Issuer of a binder, certificate or other evidence of liability insurance policy for the Project satisfactory to the Issuer, the Issuer hereby authorizes the Company to proceed with the acquisition, renovation and equipping of the Project and hereby appoints the Company as the true and lawful agent of the Issuer: (i) to acquire, renovate and equip the Project; (ii) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agent for the Issuer with the authority to delegate such agency, in whole or in part, to agents, subagents, contractors, and subcontractors of such agents and subagents and to such other parties as the Company chooses; and (iii) in general, to do all things which may be requisite or proper for completing the Project, all with the same powers and the same validity that the Issuer could do if acting in its own behalf; provided, however, the Inducement Agreement shall expire on **June 30, 2007** (unless extended for good cause by the Chief Executive Officer of the Issuer) if the lease or sale agreement and related documents for the issuance of the Bonds and the undertakings of the Project have not been executed and delivered.

Section 3. The Chairman, Vice Chairman and/or Chief Executive Officer of the Issuer are hereby authorized, on behalf of the Issuer, to negotiate and execute (A) the Inducement Agreement, pursuant to which the Issuer appoints the Company as its agent to undertake the Project and the related sales tax exemption letter, (B) the Contract of Sale and related documents, and (C) related documents as approved by counsel to the Issuer or Transaction Counsel.

Section 4. The public hearing held by the Issuer on March 7, 2007, concerning the issuance of the Bonds and the undertaking of the Project was duly held in accordance with the requirements of the 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 undertaking of the Project.

Section 5. 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 and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses 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 resolutions and to cause compliance by the Issuer with all of the terms, covenants and provisions of the documents executed for and on behalf of the Issuer.

Section 6. The Chairman, Vice Chairman and/or Chief Executive Officer of the Issuer are hereby authorized and directed to distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

Section 7. This Resolution shall take effect immediately.

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

I, Lynn Blevins, the undersigned, Secretary of the St. Lawrence County Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of minutes of the meeting of the St. Lawrence County Industrial Development Agency (the "Agency"), including the resolution contained therein, held on March 27, 2007, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

I FURTHER CERTIFY, that all members of said Agency had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with such Article 7.

I FURTHER CERTIFY, that there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY, that as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Agency this 27 day of March, 2007.

/s/
Lynn Blevins
Secretary

[SEAL]