

At a meeting of the St. Lawrence County Industrial Development Agency (the "Issuer"), held at the Best Western, 90 East Main Street, Route 11, Canton, New York 13617, on the 26<sup>th</sup> day of June 2007, the following members of the Issuer were:

<u>MEMBER</u>	<u>PRESENT</u>	<u>ABSENT</u>
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 BDC.

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 the issuance and sale of the Issuer's proposed Civic Facility Revenue Bonds (PACES Project)

The following resolution, offered by Mr. LaBaff and seconded by Mr. Blevins, was duly adopted by the Issuer with its members voting as follows:

<u>MEMBER</u>	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
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			

**AUTHORIZING THE ISSUANCE AND SALE OF THE ISSUER'S MULTI-MODE VARIABLE RATE CIVIC FACILITY REVENUE BONDS (POTSDAM AUXILIARY & COLLEGE EDUCATIONAL SERVICES, INC. PROJECT – LETTER OF CREDIT SECURED), SERIES 2007 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,500,000, AND THE EXECUTION OF RELATED DOCUMENTS**

Resolution No. 07-06-23

**WHEREAS**, the Issuer was created, pursuant to and in accordance with the provisions of the Enabling Act, by Chapter 358 of the Laws of 1971 of the State, as amended, constituting Section 914 of the General Municipal Law (said Section and the Enabling Act being collectively referred to as the "Act") and is empowered under the Act to undertake the Project (as hereinafter defined) in order to so advance the job opportunities, health, general prosperity and economic welfare of the people of the State and improve their standard of living; and

**WHEREAS**, the St. Lawrence County Industrial Development Agency (the "Issuer") received an application (the "Application") from Potsdam Auxiliary & College Educational Services, Inc. (the "Company") requesting that the Issuer undertake a project (the "Project") consisting of (A)(1) the acquisition by the Issuer of an interest in certain real property located on the campus of the State University of New York College at Potsdam in the Town of Potsdam, New York (the "Land"), (2) the renovation and reconstruction of Carson Hall (the "Facility"), (3) construction on the Land of an approximately 3,600 square foot addition to the Facility (the "Addition"), and (4) the acquisition and installation in the Facility and the Addition of certain furniture and equipment (the "Equipment") (the Land, the Facility, the Addition, and the Equipment being collectively referred to as the "Project Facility"); (B) the payment of a portion of the costs incidental to the financing thereof, including the funding of debt service reserves; (C) the granting of certain other "financial assistance" (within the meaning of Section 854(14) of the General Municipal law) with respect to the foregoing, including potential exemptions from sales taxes, real estate transfer taxes, mortgage recording taxes and real property taxes; and (D) the lease (with an obligation to purchase) or sale of the Issuer's interest in the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Issuer; and

**WHEREAS**, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act"), and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York, being 6 NYCRR Part 617, as amended (the "Regulations," and collectively with the SEQR Act, "SEQRA"), the Issuer has determined by resolution adopted on April 19, 2007 (the "SEQRA Resolution") that the Project will not have a significant impact on the environment; and

**WHEREAS**, by resolution adopted by the members of the Issuer on April 19, 2007 (the "Preliminary Inducement Resolution"), the members of the Issuer agreed, subject to numerous conditions, including (A) all requirements of the SEQR Act that relate to the Project and (B) the public hearing and notice requirements and other procedural requirements contained in Section 859-a of the Act, to accept the Application and enter into a preliminary agreement relating to the Project; and

**WHEREAS**, pursuant to the authorization contained in the Preliminary Inducement Resolution, the Issuer (A) caused notice of a public hearing of the Issuer (the "Public Hearing") pursuant to Section 859-a of the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), to hear all persons interested in the Project and the financial assistance being contemplated by the Issuer with respect to the Project, to be mailed to the chief executive officers of the county and of each city, town, village and school district in which the Project Facility is to be located, (B) caused notice of the Public Hearing to be published on April 20,

2007 and April 22, 2007 in newspapers of general circulation available to residents of the Town of Potsdam, (C) conducted the Public Hearing on May 23, 2007 at 11:00 o'clock a.m., local time at the Village of Potsdam Offices, Civic Center Building, Planning and Development Office Tech Center, Potsdam, New York, and (D) prepared a report of the Public Hearing (the "Report") which fairly summarized the views presented at the Public Hearing and distributed the Report to the members of the Issuer and to the Board of Legislators of St. Lawrence County (the "County Legislature"). By a resolution adopted on June 4, 2007 (the "Public Approval"), the County Legislature approved the issuance of the Bonds for purposes of Section 147(f) of the Code; and

**WHEREAS**, the Issuer now proposes to issue its Multi-Mode Variable Rate Civic Facility Revenue Bonds (Potsdam Auxiliary & College Educational Services, Inc. Project – Letter of Credit Secured), Series 2007 (the "Bonds"), in an aggregate principal amount not to exceed \$2,500,000 for the purpose of financing a portion of the costs of undertaking the Project; and

**WHEREAS**, the Bonds are to be issued under an indenture of trust dated as of June 1, 2007 (the "Indenture") by and between the Issuer and Manufacturers and Traders Trust Company, as trustee for the holders of the Bonds (the "Trustee"); and

**WHEREAS**, simultaneously with the issuance of the Bonds, (A) the Company will execute and deliver (1) a certain license agreement dated as of June 1, 2007 (the "License to Issuer") by and between the Company and the Issuer, pursuant to which the Company will grant to the Issuer a license to enter upon the Land for the purpose of undertaking and completing the Project, and (2) a bill of sale dated as of June 1, 2007 (the "Bill of Sale to Issuer") from the Company to the Issuer, pursuant to which the Company will convey to the Issuer its interest in the portion of the Project Facility constituting fixtures and other personal property, and (B) the Issuer will execute and deliver an installment sale agreement dated as of June 1, 2007 (the "Installment Sale Agreement") by and between the Issuer and the Company; and

**WHEREAS**, pursuant to the terms of the Installment Sale Agreement, (A) the Company will agree (1) to cause the Project to be undertaken and completed, (2) as agent of the Issuer, to undertake and complete the Project, (3) to purchase the Issuer's interest in the Project Facility, and (4) to make certain installment purchase payments to or upon the order of the Issuer as the purchase price for the Issuer's interest in the Project Facility and (B) the Issuer will agree to (1) undertake the Project, (2) appoint the Company as agent of the Issuer to undertake and complete the Project, and (3) sell the Issuer's interest in the Project Facility to the Company; and

**WHEREAS**, as security for the Bonds, the Company will enter into a reimbursement agreement dated as of June 1, 2007 (the "Reimbursement Agreement") with Citizens Bank, N.A., a national banking association organized and existing under the laws of the United States (the "Bank"), pursuant to which the Bank is to issue in favor of the Trustee one or more irrevocable transferable direct-pay letters of credit as security for the Bonds, in a maximum amount (which shall decline at fixed intervals) equal to the original principal amount of the Bonds plus interest thereon for a period of time, and at an interest rate, to be determined by the Bank (the "Letter of Credit"); and

**WHEREAS**, the Bonds will be purchased by George K. Baum & Company, as underwriter (the "Underwriter"), pursuant to a bond purchase agreement by and among the Underwriter, the Issuer and the Company (the "Bond Purchase Agreement"), and the Underwriter will utilize an official statement (the "Official Statement") in connection with the resale of the Bonds; and

**WHEREAS**, pursuant to the Indenture, the proceeds of the sale of the Bonds will be deposited into various trust funds held by the Trustee under the Indenture and will be disbursed by the Trustee from time to time to pay the costs of the Project, but only upon satisfaction of the requirements for making such disbursements set forth in the Indenture, in the Installment Sale Agreement and in the Reimbursement Agreement; and

**WHEREAS**, the interest rate on the Bonds as initially issued will be determined weekly by George K. Baum & Company, acting as remarketing agent for the Bonds (the "Remarketing Agent") pursuant to the provisions of a remarketing agreement (the "Remarketing Agreement") between and among the Remarketing Agent, the Issuer and the Company; and

**WHEREAS**, to further secure the Bonds, the Issuer will execute and deliver to the Trustee a pledge and assignment (the "Pledge and Assignment") from the Issuer to the Trustee, which Pledge and Assignment will assign to the Trustee certain of the Issuer's rights under the Installment Sale Agreement pursuant to which installment purchase payments made by the Company under the Installment Sale Agreement are to be paid directly to the Trustee; and

**WHEREAS**, to demonstrate compliance with the provisions of the Code relating to the issuance of tax-exempt obligations, (A) the Issuer will (1) execute an arbitrage certificate for the Bonds dated the date of delivery of the Bonds (the "Arbitrage Certificate") relating to certain requirements set forth in Section 148 of the Code, (2) execute a completed Internal Revenue Service ("IRS") Form 8038 (Information Return for Private Activity Bonds) for the Bonds (an "Information Return") pursuant to Section 149(e) of the Code, and (3) file the Information Return with the IRS, (B) the Company will execute a tax regulatory agreement for Bonds dated the date of delivery of the Bonds (the "Tax Regulatory Agreement") relating to the requirements in Sections 145, 146, 147, 148 and 149 of the Code and (C) the Underwriter will execute a letter (the "Issue Price Letter") confirming the issue price of the Bonds for purposes of Section 148 of the Code; and

**WHEREAS**, the Bonds will be issued as "book-entry-only" obligations to be held by The Depository Trust Company, as depository (the "Depository") for the Bonds and to comply with the requirements of the Depository, the Issuer has previously executed and delivered to the Depository a blanket letter of representations; and

**WHEREAS**, the Company may hedge its interest rate exposure on the Bonds by entering into an interest rate swap or similar transaction (the "Interest Rate Hedge") with a counterparty selected by the Company.

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

Section 1. The Issuer hereby finds and determines that:

(a) By virtue of the Act, the Issuer has been vested with all the 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; and

(b) The Project constitutes a "project," as such term is defined in the Act; and

(c) The acquisition, renovation, construction and installation of the Project Facility and the sale of the Issuer's interest in the Project Facility to the Company (i) will promote and maintain the job opportunities, health, general prosperity, and economic welfare of the citizens of the County of St. Lawrence and the State of New York and improve their standard of living and (ii) will not result in the removal of any facilities of the Company from one area of the State to another area of the State or in the abandonment of one or more facilities of the Company; and

(d) It is desirable and in the public interest for the Issuer to issue the Bonds in an aggregate principal amount not to exceed \$2,500,000 as approved by an Authorized Representative of the Issuer identified in Section 6 hereof, as the Bonds may be amended, modified or consolidated from time to time upon the terms and conditions set forth in the Indenture for the purpose of financing the cost of the acquisition, renovation, construction, and installation of the Project Facility together with necessary incidental expenses; and

(e) Interest on the Bonds shall be excludable from gross income of the recipients thereof in accordance with Section 145 of the Code.

Section 2. In consequence of the foregoing, the Issuer hereby determines to:

(a) issue and deliver the Bonds pursuant to the Bond Purchase Agreement and the Indenture;

(b) sell the Bonds to the Underwriter pursuant to the Bond Purchase Agreement;

(c) use the proceeds of the Bonds to acquire, renovate, construct and install the Project Facility and pay necessary incidental expenses, including but not limited to the costs of issuing the Bonds;

(d) sell the Issuer's interest in the Project Facility to the Company pursuant to the Installment Sale Agreement;

(e) secure the Bonds by assigning to the Trustee pursuant to the Pledge and Assignment certain of the Issuer's rights under the Installment Sale Agreement, including the right to collect and receive certain amounts payable thereunder;

(f) provide for the disbursement of the proceeds of the Bonds pursuant to the Reimbursement Agreement and the Indenture;

(g) execute the Arbitrage Certificate and the Information Return with respect to the Bonds;

(h) file the Information Return with the IRS;

(i) authorize the use of the Official Statement in connection with the sale of the Bonds by the Underwriter;

(j) enter into such documents or agreements as may be necessary or appropriate in connection with the Interest Rate Hedge; and

(k) execute and deliver all other agreements, certificates, and documents identified in (or contemplated by the certificates and documents identified in) the Closing Memorandum for the Bonds to be executed and delivered by the Issuer and all such other agreements, certificates and documents as may be requested by the Company or the Bank in connection with the issuance of the Bonds.

Section 3. The Issuer is hereby authorized to acquire an interest in the Project Facility pursuant to the Bill of Sale to Issuer and the License to Issuer and to do all things necessary and appropriate for the accomplishment thereof, and all acts heretofore taken by the Issuer with respect to such acquisitions are hereby approved, ratified and confirmed.

Section 4. The execution and delivery of the Installment Sale Agreement, the Indenture, the Bonds, the Pledge and Assignment, the Reimbursement Agreement, the Official Statement, the Arbitrage Certificate, the Information Return and all other agreements, certificates, and documents identified in (or contemplated by the certificates and documents identified in) the Closing Memorandum for the Bonds and all such agreements, certificates and documents as may be requested by the Company or the Bank in connection with the issuance of the Bonds (collectively, the "Financing Documents") are hereby authorized, subject to the approval of the officers of the Issuer identified in Section 6 hereof.

Section 5. Being that the County Legislature has approved the issuance of the Bonds pursuant to, and solely for purposes of, Section 147(f) of the Code, the Issuer is hereby authorized to issue, execute, sell and deliver to the Trustee for authentication the Bonds in an aggregate principal amount not to exceed \$2,500,000 in the form approved by an Authorized Representative of the Issuer identified in Section 6 hereof, and upon authentication thereof, the Trustee is hereby authorized to deliver the Bonds to the purchasers thereof against receipt of the purchase price, all pursuant to the Act and in accordance with the provisions of the Indenture and the Bond Purchase Agreement, provided that:

(a) The Bonds authorized to be issued, executed, sold, and delivered pursuant to this Section 5 shall bear interest at the rate or rates, be issued in such amount, not to exceed

\$2,500,000, be subject to redemption prior to maturity, and have such other terms and provisions and be issued in such manner and on such other conditions as are set forth in the Indenture approved by an Authorized Representative of the Issuer identified in Section 6 hereof.

(b) The Bonds shall be issued solely for the purpose of providing funds to finance (1) the cost of the Project as described in the Financing Documents, and (2) a portion of the administrative, legal, financial, and other expenses of the Issuer in connection with the Project and incidental to the issuance of the Bonds.

(c) Neither the members, directors, officers, agents (other than the Company), employees, or representatives of the Issuer, nor any person executing the Bonds or any of the Financing Documents on behalf of the Issuer, shall be liable thereon or subject to any personal liability or accountability by reason of the execution, issuance, or delivery thereof. The Bonds and the interest thereon are not and shall never be a debt of the State of New York, or the County of St. Lawrence, New York or any political subdivision thereof and neither the State of New York, or the County of St. Lawrence, New York nor any political subdivision thereof (other than the Issuer) shall be liable thereon.

(d) The Bonds, together with interest payable thereon, shall be special obligations of the Issuer payable solely from certain of the revenues and receipts derived from the sale or other disposition of the Issuer's interest in the Project Facility or from the enforcement of the security provided by the Financing Documents and the other security pledged to the payment thereof.

(e) Notwithstanding any other provision of this bond resolution, the Issuer covenants that it will make no use of the proceeds of the Bonds or any other funds of the Issuer (other than the Issuer's administrative fee), which, if said use had been reasonably expected on the date of issuance of the Bonds, would have caused any of the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code.

## Section 6.

(a) The Chairman, Vice Chairman and Chief Executive Officer of the Issuer (each an "Authorized Representative" of the Issuer) are each hereby authorized, on behalf of the Issuer, to negotiate, approve, execute (by manual or facsimile signature), and deliver the Financing Documents and all other agreements, documents, certificates, and instruments identified in the Closing Memorandum for the Bonds, and the Secretary of the Issuer is hereby authorized to affix the seal (or a facsimile thereof) of the Issuer to them and to attest to all of them, with such terms, covenants, and provisions as the Chairman, Vice Chairman or Chief Executive Officer shall approve. The execution of the Financing Documents by the Chairman, Vice Chairman or Chief Executive Officer shall constitute conclusive evidence of that approval.

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

Section 7. The officers, directors, members, 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 any of the provisions of the Financing Documents, and to execute and deliver all additional agreements, certificates, instruments, and documents identified in the Closing Memorandum for the Bonds, and to pay all fees, charges, and expenses and to do all other acts as may be necessary, or in the opinion of the officer, director, member, employee, or agent, desirable or proper to effectuate 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. None of the officers, members, directors, employees, representatives, or agents of the Issuer, however, shall have any personal liability under the Bonds or the Financing Documents.

Section 8. The Issuer hereby ratifies and affirms the Inducement Resolution and the SEQRA Resolution adopted by the Issuer on April 19, 2007 and all actions taken by the Issuer pursuant thereto.

Section 9. A copy of this resolution, together with its attachments, shall be placed on file in the office of the Issuer where the same shall be available for public inspection during business hours.

Section 10. This resolution shall take effect immediately and the Bonds are hereby ordered to be issued in accordance with this resolution.

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

I, the undersigned, Secretary of the St. Lawrence County Industrial Development Agency, DO HEREBY CERTIFY that I have compared the annexed extract of the minutes of the meeting of the St. Lawrence County Industrial Development Agency (the "Issuer") including the resolution contained therein, held on June 26, 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 Issuer and of such resolution set forth therein and of the whole of said original insofar as the same relates to the subject matters therein referred to.

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Issuer this 27th day of June, 2007.

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(Mr.) Lynn Blevins  
Secretary

(SEAL)