

BOND RESOLUTION
(Curran Renewable Energy, LLC Project)

A regular meeting of St. Lawrence County Industrial Development Agency (the "Issuer") was convened on June 26, 2007, at 8:00 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 and, upon roll being called, 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 a proposed project for the benefit of Curran Renewable Energy, LLC.

On motion duly made by Mr. LaBaff and seconded by Mr. Morrill, 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			

AUTHORIZING (1) THE ISSUANCE, EXECUTION, SALE AND DELIVERY BY THE ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY OF UP TO \$10,000,000 AGGREGATE PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE BONDS (CURRAN RENEWABLE ENERGY, LLC PROJECT), SERIES 2007 AND (2) THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS

Resolution No. 07-06-24

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, on January 25, 2007, the Issuer adopted a resolution (the "Preliminary Resolution") directing that a public hearing be held in accordance with the Act, directing that the Issuer obtain an Environmental Assessment Form (the "EAF"), which is attached hereto as Exhibit B, with respect to the Project from the Company, directing that the Issuer review the EAF, and describing the forms of financial assistance being contemplated by the Issuer; and

WHEREAS, the Issuer held a public hearing with respect the to the Project and the proposed financial assistance being contemplated by the Issuer on March 7, 2007 at 11:00 a.m. local time, at Massena Town Hall, Room 30, 60 Main Street, Massena, New York (the "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"). A copy of the Minutes of the Public Hearing along with the Notice of Public Hearing published and forwarded to the affected taxing jurisdictions thirty (30) days prior to said Public Hearing are attached hereto as Exhibit A; and;

WHEREAS, on March 27, 2007, the Issuer adopted a resolution (the "Inducement Resolution") making certain findings with regard to such EAF; and

WHEREAS, on April 2, 2007, in compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the St. Lawrence County Board of Legislators approved the issuance of the Bonds for the sole purpose of qualifying the interest payable on the Bonds for exclusion from gross income for Federal income tax purposes pursuant to the provisions of Sections 103 and 141-150 of the Code; and

WHEREAS, the Bonds are being issued pursuant to a certain Indenture of Trust, dated as of July 1, 2007 (or such other appropriate date) (the "Indenture"), by and between the Issuer and The Bank of New York, as trustee (the "Trustee"); and

WHEREAS, in connection with the issuance of the Bonds, the Issuer and the Company shall enter into (i) a certain Company Lease Agreement, dated as of July 1, 2007 (or such other appropriate date) (the "Company Lease"), pursuant to which the Company shall lease its interest in and to the Facility to the Issuer and (ii) a certain Lease Agreement, dated as of July 1, 2007 (or such other appropriate date), by and between the Issuer and the Company for the purpose of specifying the terms and conditions pursuant to which the Issuer agrees to lease its interest in the Facility under the Company Lease to the Company (the "Lease Agreement"), with the payments thereunder to be made by the Company in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds; and

WHEREAS, as security for the Bonds, (i) Seaway Timber Harvesting, Inc. and Curran Logging, Inc. (collectively, the "Guarantors") will guaranty the payment of the principal of, premium, if any, and interest on Bonds pursuant to the terms of a certain Guaranty Agreement, dated as of July 1, 2007 (or such other appropriate date), from the Guarantors to the Trustee (the "Guaranty Agreement"); (ii) the Company and the Issuer will grant the Trustee a mortgage lien and security interest in the Facility and other property pursuant to the terms of a certain Mortgage and Security Agreement, dated as of July 1, 2007 (the "Mortgage"); (iii) the Issuer will assign to the Trustee substantially all of its rights under the Lease Agreement (except the Unassigned Rights, as defined therein), pursuant to a certain Pledge and Assignment, dated as of July 1, 2007 (or such other appropriate date), from the Issuer to the Trustee (the "Pledge and Assignment"); and (iv) the Company grants to the Trustee a first priority security interest in and lien on the Collateral (as defined in the Pledge and Security Agreement, herein defined) pursuant to a certain Pledge and Security Agreement, dated as of July 1, 2007, by and between the Company and the Trustee (the "Pledge and Security Agreement"); and

WHEREAS, the Bonds will be placed with certain accredited investors by PineRidge Capital, LLC (the "Placement Agent"), pursuant to a certain Bond Placement Agreement (the "Bond Placement Agreement"), by and among the Placement Agent, the Issuer and the Company; and

WHEREAS, to effect the financing of a portion of the cost of the Project, the Issuer will issue, sell and deliver the Bonds and deposit the proceeds with the Trustee as set forth in the Indenture.

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

Section 1. The Issuer hereby finds and determines:

(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 Facility constitutes a "project", as such term is defined in the Act; and

(c) The acquisition, renovation and equipping of the Facility and the leasing of the Facility to the Company will promote and maintain the job opportunities, general prosperity and economic welfare of the citizens of St. Lawrence County, New York, and the State of New York and improve their standard of living; and

(d) The operation of the Facility will not cause or result in the violation of the health, labor or other laws of the United States of America, the State of New York or St. Lawrence County, New York; and

(e) It is desirable and in the public interest for the Issuer to issue and sell its Industrial Development Revenue Bonds (Curran Renewable Energy, LLC Project), Series 2007, in the aggregate principal amount of up to \$10,000,000, to be dated the date of delivery thereof, in the exact amount, and upon the terms and conditions set forth in the Indenture, and to secure the Bonds by, among other things, the Lease Agreement, all for the purpose of assisting in financing the Project; and

(f) The public hearing held by the Issuer on March 7, 2007, concerning the issuance of the Bonds and the nature and location of the Facility was duly held in accordance with the requirements of the Code and the laws of the State of New York 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.

Section 2. In consequence of the foregoing, the Issuer hereby determines to: (i) acquire a leasehold interest in the Facility from the Company pursuant to the Company Lease;

(ii) issue the Bonds pursuant to the terms of the Indenture; (iii) use the proceeds of the Bonds to pay certain costs and expenses incurred in connection with the acquisition, renovation and equipping of the Project; (iv) lease its interest in the Facility back to the Company pursuant to the Lease Agreement; (v) execute a certain Tax Compliance Agreement, to be dated as of the date of issuance and delivery of the Bonds, with respect to the initial sale and placement of the Bonds (the "Tax Compliance Agreement"), pursuant to which the Issuer and the Company make certain representations and covenants to ensure the continued tax-exempt status of the Bonds; (vi) execute the Bond Placement Agreement with respect to the initial placement of the Bonds; (vii) execute the Pledge and Assignment; (viii) prepare and distribute a Preliminary Private Placement Memorandum and a Final Private Placement Memorandum relating to the issuance and initial placement of the Bonds (collectively, the "Private Placement Memorandum"); (ix) execute an Internal Revenue Service Form 8038 (the "Information Return") in connection with the issuance of the Bonds; and (x) execute related documents in connection with the issuance of the Bonds.

Section 3. The form and substance of the Bonds (in substantially the form presented to this meeting) are hereby approved, and the Secretary is hereby directed to include a copy of the form of the Bonds submitted to this meeting with the records of the Issuer.

Section 4. The form and substance of the Indenture, the Company Lease, the Lease Agreement, the Pledge and Assignment, the Bond Placement Agreement, the Private Placement Memorandum, the Tax Compliance Agreement, the Information Return and related documents (in substantially the forms presented to this meeting) are hereby approved, and the Secretary is hereby directed to include a copy of such forms submitted to this meeting with the records of the Issuer.

Section 5. The Issuer hereby determines to execute the Information Return in substantially the form presented to this meeting and to file the same with the Internal Revenue Service.

Section 6. The Issuer is hereby authorized to issue, execute, sell and deliver to the Placement Agent the Bonds in the aggregate principal amount of up to \$10,000,000 in the form heretofore approved in Section 3 of this resolution, pursuant to the Act and in accordance with the Indenture; *provided, that:*

(a) The Bonds authorized to be issued, executed, sold and delivered pursuant to this Section: (i) shall be issued, executed and delivered at such time as the Chairman, Vice Chairman, Chief Executive Officer or Interim Chief Financial Officer of the Issuer shall determine, (ii) shall be in such principal amount (not to exceed \$10,000,000) as is hereinafter approved by the Chairman, Vice Chairman, Chief Executive Officer or Interim Chief Financial Officer of the Issuer in accordance with Section 7 hereof, (iii) shall bear interest at such rates as are set forth in the Bonds and the Indenture or as are hereinafter approved by the Chairman, Vice Chairman, Chief Executive Officer or Interim Chief Financial Officer of the Issuer in accordance with Section 8 hereof, and (iv) shall be subject to prepayment 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 and the Indenture, all of which provisions are specifically incorporated herein with the same force and effect as if fully set forth in this resolution.

(b) The Bonds shall be issued solely for the purpose of providing funds to finance the Project Costs (as such term is defined in the Indenture), the administrative, legal, financial, and other expenses of the Issuer in connection with the acquisition, renovation and equipping of the Facility and incidental to the issuance of the Bonds, as such costs are more specifically set forth in the Lease Agreement.

(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.

(e) The Bonds, together with interest payable thereon, shall be special obligations of the Issuer payable solely from the revenues and receipts derived from the lease of the Facility or from the enforcement of the security provided by the Indenture.

Section 7. 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 which, 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 Section 148 of the Code.

Section 8. (a) The Chairman, Vice Chairman, Chief Executive Officer, Interim Chief Financial Officer or Deputy Executive Director of the Issuer is hereby authorized, on behalf of the Issuer, to execute and deliver the Indenture, the Company Lease, the Lease Agreement, the Mortgage, the Pledge and Assignment, the Tax Compliance Agreement, the Bond Placement Agreement, the Private Placement Memorandum, the Bonds and related documents (hereinafter collectively called the "Issuer Documents") and the Information Return, and the Secretary (or Assistant Secretary) of the Issuer is hereby authorized to affix the seal of the Issuer thereto where appropriate and to attest the same, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman, Vice Chairman, Chief Executive Officer, Interim Chief Financial Officer or Deputy Executive Director shall approve. The execution of the Issuer Documents and the Information Return by the Chairman, Vice Chairman, Chief Executive Officer, Interim Chief Financial Officer or Deputy Executive Director shall constitute conclusive evidence of such approval.

(b) The Chairman, Vice Chairman, Chief Executive Officer, Interim Chief Financial Officer or Deputy Executive Director is further hereby authorized, on behalf of the Issuer, to designate any additional Authorized Representatives of the Issuer.

Section 9. The officers, employees, and agents of the Issuer are hereby authorized and directed for and in the name and or behalf of the Issuer to do all acts and things required or provided by the provisions of the Issuer Documents, and to execute and deliver all such additional certificates, instruments and documents, including the Issuer Documents and the Information Return, 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 Issuer Documents binding upon the Issuer.

Section 10. Due to the complex nature of this transaction, the Issuer hereby authorizes its Chairman, Vice Chairman, Chief Executive Officer, Interim Chief Financial Officer or Deputy Executive Director 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, Vice Chairman, Chief Executive Officer, Interim Chief Financial Officer or Deputy Executive Director of the Issuer.

Section 11. It is hereby found and determined that all formal actions of the Issuer concerning and relating to the adoption of this resolution were adopted in an open meeting of the Issuer; and that all deliberations of the Issuer and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements.

Section 12. This resolution shall take effect immediately and the Bonds are hereby ordered to be issued in accordance with this resolution.

[Remainder of Page Intentionally Left Blank]

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 "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 related to the subject matters therein referred to.

I FURTHER CERTIFY, that all members of said Issuer 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 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 modified.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Issuer this 26th day of June, 2007.

(Mr.) Lynn Blevins
Secretary

[SEAL]

EXHIBIT A

Notice Documents

Attached Hereto

EXHIBIT B

[EAF]

Attached Hereto