

INDUCEMENT RESOLUTION
(Community Bank N.A. Project)

A regular meeting of St. Lawrence County Industrial Development Agency (the “Agency”) was convened on October 1, 2008, 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 Agency were:

<u>MEMBER</u>	<u>PRESENT</u>	<u>ABSENT</u>
Brian W. Staples	X	
Ernest LaBaff	X	
Lynn Blevins	X	
Andrew J. McMahan	X	
Jon R. Greenwood	X	
Frederick S. Morrill	X	
R. Joseph Weekes, Jr.		X

The following persons were ALSO PRESENT: Raymond Fountain, CEO; Kimberly Gilbert, CFO; Patrick Kelly, Deputy Director; Richard Williams, Facilities Manager; William R. Small, IDA Counsel; Richard Daddario, Chairman, CEDS Committee; Mahon Clements, Attorney-at-Law; Fred Pollard, Ag-Pro

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 Community Bank N.A.

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

Resolution No. 08-10-32

RESOLUTION OF THE ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (THE “AGENCY”) (i) ACCEPTING THE APPLICATION OF COMMUNITY BANK N.A. (THE “COMPANY”) WITH RESPECT TO A CERTAIN PROJECT (AS MORE FULLY DEFINED BELOW); (ii) AUTHORIZING A PUBLIC HEARING WITH RESPECT TO THE PROJECT; (iii) DESCRIBING THE FORMS OF FINANCIAL ASSISTANCE BEING CONTEMPLATED BY THE AGENCY WITH RESPECT TO THE PROJECT; (iv) ADOPTING FINDINGS PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT WITH RESPECT TO THE PROJECT; (v) AUTHORIZING THE UNDERTAKING OF THE PROJECT FOR THE BENEFIT OF THE COMPANY; AND (vi) AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGENT

AGREEMENT, SALES TAX EXEMPTION AND RELATED DOCUMENTS
WITH RESPECT TO THE PROJECT

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, as amended (hereinafter collectively called the “Act”), the **ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (hereinafter called the “Agency”) was created with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping civic, industrial, manufacturing and commercial facilities as authorized by the Act; and

WHEREAS, **COMMUNITY BANK N.A.**, for itself or on behalf of an entity to be formed (the “Company”), has requested the Agency’s assistance with a certain project (the “Project”) consisting of (i) the acquisition by the Agency of fee title to or a leasehold interest in one or more parcels of real property located at or near the intersection of Tallman Road and Route 11 within the Village of Canton, St. Lawrence County, New York (the “Land”) and the existing improvements and buildings located thereon, if any (the “Existing Improvements”), (ii) the renovation, refurbishment and equipping of the Existing Improvements and/or construction and installation of new buildings and equipment for use as a financial services operations center (collectively, the “Improvements”), and (iii) the acquisition and installation by the Company in and around the Improvements of certain items of equipment and other tangible personal property necessary and incidental in connection with the Company's relocation of employees to the Project facility (the “Equipment”, and collectively with the Land, the Existing Improvements and the Improvements, the “Facility”); and

WHEREAS, upon receipt of the Application, and at the request of the Company, Agency staff duly scheduled and noticed a public hearing (the “Public Hearing”) to be held pursuant to Section 859-a of the Act on October 22, 2008, at 5:30 PM, local time, in Conference Room 119 of the St. Lawrence County Office of Economic Development, Human Services Center, 80 State Highway 310, Suite 6, Canton, St. Lawrence County, New York, a Notice of such Public Hearing (attached hereto as **Exhibit A**) having been published and forwarded to the affected taxing jurisdictions thirty (30) days prior to said Public Hearing, whereat interested parties will be provided a reasonable opportunity, both orally and in writing, to present their views; and

WHEREAS, the Agency’s Uniform Tax Exemption Policy (“UTEP”) provides that sponsors of non-industrial projects must secure the consent of local taxing jurisdictions in order to structure the terms of an Agency PILOT Agreement; and

WHEREAS, in connection with the Application, and in furtherance of the Project’s positive financial impact within St. Lawrence County, along with the Town of Canton, the Village of Canton and the Canton Central School District (collectively, the “Local Taxing Jurisdictions”), the Agency has requested the support and consent of the Local Taxing Jurisdictions in establishing a negotiated PILOT Agreement for the Project; and

WHEREAS, the Agency and the Company have proposed a PILOT Agreement structure to the Local Taxing Jurisdictions whereby (i) for the first five (5) years after project completion, the Agency confers a 90% abatement on the improved value of real property; and (ii) in years six (6) through ten (10) the abatement conferred is 50% of what the taxes would otherwise be on the improved value of real property; and

WHEREAS, the Local Taxing Jurisdictions have consented to the PILOT Agreement pursuant to consent resolutions and certificates delivered to the Agency and attached hereto as **Exhibit B** (the "Consent Certificates"); and

WHEREAS, the Company has prepared and submitted a Long Environmental Assessment Form ("EAF") to the Agency pursuant to New York State Environmental Quality Review Act, Article 8 of the Environmental Conservation Law, and the regulations adopted pursuant thereto, under 6 NYCRR Part 617 (collectively, "SEQRA") with respect to the Project, a copy of such EAF being attached hereto as **Exhibit C**, and the Agency desires to declare itself Lead Agency and adopt certain findings pursuant to SEQRA; and

WHEREAS, pursuant to Article 18-A of the General Municipal Law the Agency desires to adopt a resolution describing the Project and the Financial Assistance (as hereinafter defined) that the Agency is contemplating with respect to the Project; and

WHEREAS, it is contemplated that the Agency will (i) adopt SEQRA findings with respect to the Project; (ii) approve the undertaking of the Project and appoint the Company its agent to undertake same; (iii) conduct the Public Hearing; (iv) negotiate and execute an agent agreement pursuant to which the Agency will designate the Company as its agent for the purpose of undertaking the Project (the "Agent Agreement"), (v) negotiate, but not execute or deliver, a lease agreement (the "Lease Agreement"), leaseback agreement (the "Leaseback Agreement") and payment-in-lieu-of-tax agreement (the "PILOT Agreement") with the Company, (vi) following subsequent approval(s) by the Agency, take title to or a leasehold interest in the Land, Existing Improvements, Improvements and Equipment and personal property constituting the Project (once the Lease Agreement, Leaseback Agreement and PILOT Agreement have been negotiated), and (vii) provide financial assistance to the Company in the form of (a) a sales and use tax exemption for purchases and rentals related to the Project, and (b) a partial real property tax abatement structured through the PILOT Agreement (collectively, the "Financial Assistance").

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

Section 1. The Company has presented an application in a form acceptable to the Agency. Based upon the representations made by the Company to the Agency in the Company's application and in the Correspondence, the Agency hereby finds and determines that:

(A) By virtue of the Act, the Agency 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; and

(B) The Agency has the authority to take the actions contemplated herein under the Act; and

(C) The action to be taken by the Agency will induce the Company to develop the Project, thereby increasing employment opportunities in the St. Lawrence County, New York, and otherwise furthering the purposes of the Agency as set forth in the Act; and

(D) The Project will not result in the removal of a civic, commercial, industrial, or manufacturing plant of the Company or any other proposed occupant of the Project from one area of the State of New York (the "State") to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project located within the State; and the Agency hereby finds that, based on the Company's application, to the extent occupants are relocating from one plant or facility to another, the Project is reasonably necessary to discourage the Project occupants from removing such other plant or facility to a location outside the State and/or is reasonably necessary to preserve the competitive position of the Project occupants in their respective industries; and

(F) The Project constitutes an "Unlisted Action" as this term is defined pursuant to SEQRA. The Agency hereby declares itself "Lead Agency" for purposes of review of the Project pursuant to SEQRA for which the Agency is conducting an Uncoordinated Review. Based on the Agency's thorough and comprehensive review of the submitted EAF and other related materials, the Agency hereby finds that: (i) there are no involved agencies that need to be contacted and involved in this SEQRA determination in connection with the Project; and (ii) the acquisition of the Land will not result in a potential significant adverse environmental impact as set forth in 6 N.Y.C.R.R. Section 617.7. Thus, the Agency issues a Negative Declaration pursuant to SEQRA. The Agency is further authorized to publish its Negative Declaration as necessary pursuant to the requirements of SEQR or any other applicable statute and regulation.

Section 2. The Agency hereby ratifies the scheduling, notice and conduct of the Public Hearing to be held on October 22, 2008, at 5:30 PM, local time, in Conference Room 119 of the St. Lawrence County Office of Economic Development, Human Services Center, 80 State Highway 310, Suite 6, Canton, St. Lawrence County, New York.

Section 3. Subject to the Company executing the Agent Agreement and the delivery to the Agency of a binder, certificate or other evidence of liability insurance policy for the Project satisfactory to the Agency, the Agency hereby authorizes the Company to proceed with the acquisition, construction and equipping of the Project and hereby appoints the Company as the true and lawful agent of the Agency: (i) to acquire, construct and equip the Project; (ii) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agent for the Agency 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 Agency could do if acting in its own behalf; provided, however, the Agent Agreement, if executed and delivered, shall expire on December 31, 2008 (unless extended for

good cause by the Executive Director of the Agency) if the Lease Agreement, Leaseback Agreement and PILOT Agreement contemplated have not been executed and delivered.

Section 4. The Agency hereby authorizes the execution and delivery of the Agent Agreement, substantially in the form attached hereto as **Exhibit D**, along with the issuance of a Sales Tax Exemption Letter to the Company, as agent of the Agency in furtherance of the Project, along with the filing of Forms ST-60 and ST-120.1. The Financial Assistance approved by this resolution shall not exceed \$100,000 until such time as the Public Hearing is held and a subsequent resolution or resolutions of the Agency shall have been adopted.

Section 5. The Chairman, Vice Chairman, Chief Executive Officer, Chief Executive Officer and/or the Deputy Executive Director of the Agency are hereby authorized, on behalf of the Agency, to hold a public hearing in compliance with the Act and negotiate (but not execute or deliver) the terms of (A) a Lease Agreement, pursuant to which the Company leases the Project to the Agency, (B) a related Leaseback Agreement, pursuant to which the Agency leases its interest in the Project back to the Company, (C) a PILOT Agreement, pursuant to which the Company agrees to make certain payments in-lieu-of real property taxes, and (D) related documents thereto; *provided* (i) the rental payments under the Leaseback Agreement include payments of all costs incurred by the Agency arising out of or related to the Project and indemnification of the Agency by the Company for actions taken by the Company and/or claims arising out of or related to the Project and (ii) the terms of the PILOT Agreement are consistent with the Agency's Uniform Tax Exemption Policy or the procedures for deviation have been complied with.

Section 6. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency 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 Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 7. These Resolutions shall take effect immediately.

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

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

I, Suzan Denny, of the St. Lawrence County Industrial Development Agency, DO HEREBY CERTIFY, that I have compared this copy of this resolution adopted October 1, 2008, with the original record in this office and that the same is a correct transcript thereof and of the whole of said original record.

/s/

Suzan Denny
October 1, 2008

The resolution was thereupon declared duly adopted.

SECRETARY'S CERTIFICATION

STATE OF NEW YORK)
COUNTY OF ST. LAWRENCE)

I, Lynn Blevins, the undersigned, Secretary of the St. Lawrence Industrial Development Agency (the "Agency"), do hereby certify that I have compared the foregoing extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on October 1, 2008, with the original thereof on file in my office, and that the same is a true and correct copy of said original and of such Resolution set forth therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respects duly held; (C) pursuant to Article 7 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 such Open Meetings Law; and (D) 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 rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this ____ day of October, 2008.

(Mr.) Lynn Blevins
Secretary

(SEAL)