

INITIAL RESOLUTION
(*St. Lawrence Gas Company, Inc. Project*)

A regular meeting of St. Lawrence County Industrial Development Agency (the “Agency”) was convened on December 1, 2009, 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>
Lynn Blevins	X	
Jon R. Greenwood	X	
Ernest LaBaff	X	
Andrew J. McMahon	X	
Frederick S. Morrill	X	
Brian W. Staples	X	
R. Joseph Weekes, Jr.	X	

The following persons were ALSO PRESENT: IDA Officers and Staff – Raymond Fountain, Patrick Kelly, Kimberly Gilbert, Natalie Sweatland, Richard Williams, Brian Norton; Agency Counsel William R. Small, Esq.; Bernie Carvill, Richard Campbell, Jim Nubel and Jim Ward of St. Lawrence Gas Company; Edmund J. Russell, III, Esq.; and Mike Crowe, Esq.

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 St. Lawrence Gas Company, Inc.

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
Lynn Blevins	X			
Jon R. Greenwood	X			
Ernest LaBaff	X			
Andrew J. McMahon	X			
Frederick S. Morrill	X			
Brian W. Staples	X			
R. Joseph Weekes, Jr.	X			

Resolution No. 09-12-42

(i) ACCEPTING THE APPLICATION OF ST. LAWRENCE GAS COMPANY, INC. (THE “COMPANY”) WITH RESPECT TO A CERTAIN PROJECT (AS MORE FULLY DEFINED BELOW), (ii) AUTHORIZING THE ISSUANCE OF DEVIATION NOTICES AND SOLICITATION OF DEVIATION CONSENTS WITH RESPECT TO THE PROJECT, (iii) AUTHORIZING THE SCHEDULING AND CONDUCT OF PUBLIC HEARINGS WITH RESPECT TO THE PROJECT, AND (iv) DESCRIBING THE FORMS OF FINANCIAL ASSISTANCE BEING CONTEMPLATED BY THE AGENCY 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, ST. LAWRENCE GAS COMPANY, INC., for itself or on behalf of an entity to be formed (the “Company”), has submitted an application (the “Application”) requesting the Agency’s assistance with a certain project (the “Project”) consisting of (i) the acquisition by the Agency of leasehold, easement, right-of-way or other interests in real property located within the Towns of Norfolk, Stockholm, Brasher and Lawrence, New York (the “Land”), (ii) the construction, installation and equipping of natural gas pipeline improvements within and upon the Land, including high pressure transmission pipeline and condenser components, distribution system pipeline and lateral components, and other natural gas transmission and distribution components as described within the Application (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 (the “Equipment”, and collectively with the Land and the Improvements, the “Facility”); 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, within the Application, the Company has requested Financial Assistance that has been identified by the Agency as a deviation (the “Deviation”) from the Agency’s Uniform Tax Exemption Policy (“UTEP”) that will require the Agency to secure consenting resolutions from each of the Affected Taxing Jurisdictions within which the proposed Project is to be located (the “ATJ Consents”); and

WHEREAS, it is contemplated that the Agency will schedule and conduct public hearings in accordance with the Act within each of the Towns of Norfolk, Stockholm, Brasher and Lawrence; and

WHEREAS, it is further contemplated that the Agency will negotiate, but not enter into, (i) an agent agreement (the “Agent Agreement”), pursuant to which the Agency will designate the Company as its agent for the purpose of undertaking the Project (the “Agent Agreement”), (ii) a lease agreement (the “Lease Agreement”), leaseback agreement (the “Leaseback Agreement”) and payment-in-lieu-of-tax agreement (the “PILOT Agreement”) with the Company, (iii) acquire a leasehold, easement, right-of-way and/or other interest in the Land, Improvements and Equipment and personal property constituting the Project (once the Lease Agreement, Leaseback Agreement and PILOT Agreement have been negotiated), and (iv) 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, (b) a partial real property tax abatement structured through the PILOT Agreement, and (c) a mortgage recording tax exemption for the financing(s) secured by the Company in furtherance of the Project (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.

Section 2. The Chairman, Vice Chairman, Chief Executive Officer and/or the Deputy CEO of the Agency are hereby authorized, on behalf of the Agency, to negotiate the terms of the Financial Assistance contemplated for the benefit of the Company in connection with the Project, including the terms of the proposed PILOT Agreement and the extent to which the Agency is willing to acquire interests in the Land and Improvements as described within the Application, such terms being intended to finalize the scope of the contemplated Deviation and identify the Affected Taxing Jurisdictions to be associated with the Project (collectively, the “Project Scope”).

Section 3. Once the foregoing Project Scope has been established, the Agency hereby authorizes the solicitation of ATJ Consents from the Affected Taxing Jurisdictions in accordance with the Act and the Agency’s UTEP, such ATJ Consents to be approved as to substance and form by counsel to the Agency.

Section 4. Upon receipt of all necessary ATJ Consents, the Agency further authorizes the scheduling and conduct of one or more public hearings in accordance with the Act.

Section 5. The Agency hereby further authorizes the Chairman, Vice Chairman, Chief Executive Officer and/or the Deputy CEO of the Agency negotiate (but not execute or deliver) the terms of (A) an Agent Agreement, pursuant to which the Agency appoints the Company as its agent to undertake the Project, (B) a Lease Agreement, pursuant to which the Company leases the Project to the Agency, (C) a related Leaseback Agreement, pursuant to which the Agency leases its interest in the Project back to the Company, (D) a PILOT Agreement, pursuant to which the Company agrees to make certain payments in-lieu-of real property taxes, and (E) 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 UTEP 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 5. These Resolutions shall take effect immediately.

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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 December 1, 2009, 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 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 1st day of December, 2009.

(Mr.) Lynn Blevins
Secretary

(SEAL)