

RESOLUTION

(St. Lawrence Gas Company, Inc. Project)

A regular meeting of St. Lawrence County Industrial Development Agency (the "Agency") was convened on November 16, 2010, 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:

MEMBER	PRESENT	ABSENT
Blevins, Lynn	X	
Hall, Mark C.	X	
LaBaff, Ernest	X	
McMahon, Andrew	X	
Peck, Donald	X	
Staples, Brian W.	X	
Weekes, Jr., R. Joseph		X

The following persons were ALSO PRESENT: Raymond Fountain, Patrick Kelly, Kimberly Gilbert, Natalie Sweatland, Richard Williams, Leigh Rodriguez; Agency Counsel William R. Small, Esq., Karen White (NYPA); Thomas Plastino (Citec).

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 McMahon and seconded by LaBaff, the following resolution was placed before the members of the St. Lawrence County Industrial Development Agency:

Member	Aye	Nay	Abstain	Absent
Blevins, Lynn	X			
Hall, Mark C.	X			
LaBaff, Ernest	X			
McMahon, Andrew	X			
Peck, Donald	X			
Staples, Brian W.	X			
Weekes, Jr., R. Joseph				X

RESOLUTION OF THE ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (THE “AGENCY”) (i) ACCEPTING THE MINUTES OF PUBLIC HEARINGS CONDUCTED BY THE AGENCY IN CONNECTION WITH A CERTAIN PROJECT (AS MORE FULLY DESCRIBED HEREIN) TO BE UNDERTAKEN BY ST. LAWRENCE GAS COMPANY, INC. (THE “COMPANY”), (ii) APPROVING THE TERMS OF A PROPOSED DEVIATION RELATING TO A PILOT AGREEMENT TO BE ENTERED INTO BY THE AGENCY AND THE COMPANY IN CONNECTION WITH THE PROJECT, (iii) RATIFYING A SEQRA DETERMINATION MADE WITH RESPECT TO THE PROJECT BY THE NEW YORK STATE PUBLIC SERVICE COMMISSION; AND (iv) AUTHORIZING THE NEGOTIATION (BUT NOT EXECUTION) OF VARIOUS AGREEMENTS RELATING 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”), previously 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, within the Application, the Company has projected that the Project, together with its related natural gas pipeline improvements in Franklin County, will (i) expand the Company’s natural gas distribution system, thereby providing gas service to an additional 1,604 residential, 317 commercial and 2 industrial customers within 5 years and offering the potential for significant energy cost savings for those customers; (ii) entail a capital investment of over \$7 million in St. Lawrence County (the “County”); (iii) create 60 to 100 construction jobs; and (iv) create 2 full-time and 2 part-time jobs; and

WHEREAS, in furtherance of the Project, the Company has requested that the Agency deviate from its Uniform Tax Exemption Policy (“UTEPP”) with respect to the term and abatement schedule to be provided within the Payment-in-lieu-of-Tax Agreement (“PILOT

Agreement”) to be entered into by and between the Agency and the Company, to wit, the Company is requesting a PILOT Term of Fifteen (15) years with an abatement schedule providing for 100% exemption relating to the Improvements and Equipment in PILOT years 1-5, with such exemption being reduced in 10% increments in PILOT years 6-14 and such Improvements and Equipment being thereafter subject to full taxation (collectively, the “Deviation”); and

WHEREAS, in furtherance of the Application and the Project, and pursuant to the Act, the Agency previously adopted a resolution on December 2, 2009 (the “Initial Project Resolution”), wherein the Agency (i) described the Project and the Financial Assistance (as hereinafter defined) contemplated with respect to the Project, (ii) authorized the negotiation of the scope of the Project (the “Project Scope”) and related Financial Assistance contemplated for the benefit of the Company in connection with the Project, including the terms of the proposed PILOT Agreement, (iii) authorized the solicitation of consenting resolutions from each of the Affected Taxing Jurisdictions within which the proposed Project is to be located (the “ATJ Consents”) in furtherance of the Deviation, and (iv) upon receipt of the ATJ Consents, authorized the scheduling and conduct of public hearings pursuant to the Act and relating to the Project and the Financial Assistance; and

WHEREAS, the Agency and Company previously established the Project Scope to include Land, Improvements and Equipment to be located within each of the Towns of Norfolk, Stockholm, Brasher and Lawrence, and in furtherance of same, requested ATJ Consents from each of the Towns of Norfolk, Stockholm, Brasher and Lawrence (collectively, the “Towns”) and each of the Brasher Falls Central School District, the Norwood-Norfolk Central School District, and the Brushton-Moira Central School District (collectively, the “Schools”), such consenting resolutions having been previously adopted by the Towns and Schools and presented to the Agency with corresponding consent certificates (collectively, the “ATJ Consents”, copies of said ATJ Consents being attached hereto as **Exhibit A**); and

WHEREAS, following receipt of the ATJ Consents, and pursuant to the Act, the Agency duly scheduled public hearings (the “Public Hearings”) in connection with the Project at the following dates, times and locations:

- 1) Town of Brasher - Wednesday, September 22, 2010, at 5:00 p.m., local time, at Brasher Town Hall, 11 Factory Street, Brasher Falls, New York 13613;
- 2) Town of Lawrence - Wednesday, September 22, 2010, at 7:00 p.m., local time, at Town of Lawrence Municipal Complex, 11403 U.S. Highway 11, North Lawrence, New York 12967;
- 3) Town of Stockholm - Thursday, September 23, 2010, at 5:00 p.m., local time, at Stockholm Town Hall, 607 State Highway 11C, Winthrop, New York 13697; and
- 4) Town of Norfolk - Thursday, September 23, 2010, at 7:00 p.m., local time, at Norfolk Town Hall, 5 West Main Street, Norfolk, New York 13667.

WHEREAS, pursuant to the Act, and on or about August 12, 2010, the Agency provided each of the Towns, Schools and County of St. Lawrence with a Notice of Public Hearing and Contemplated Deviation Letter, along with a copy of the Notice of Public Hearing describing the

Project and the financial assistance contemplated by the Agency, such Notice of Public Hearing and Contemplated Deviation Letter having been distributed to the Affected Tax Jurisdictions and Notice of Public Hearing having been published in *The Advance*, the *St. Lawrence Plaindealer* and the *Ogdensburg Journal* at least thirty (30) days prior to the Public Hearings; and

WHEREAS, pursuant to General Municipal Law Section 859-a, the Agency duly conducted the Public Hearings whereat interested parties were provided a reasonable opportunity, both orally and in writing, to present their views (copies of the Minutes of the Public Hearings, the Notice of Public Hearing published, and the Notice of Public Hearing and Contemplated Deviation Letter forwarded to the affected taxing jurisdictions thirty (30) days prior to said Public Hearings being attached hereto as **Exhibit B**); and

WHEREAS, in response to the Company's Petition to the New York State Public Service Commission ("PSC") for authorization to undertake the Project pursuant to Section 68 of the Public Service Law ("PSL"), dated June 17, 2010 (as amended August 20, 2010, and collectively, the "PSC Petition"), the PSC, as Lead Agency pursuant to applicable provisions of the State Environmental Quality Review Act and regulations adopted pursuant thereto as codified at 6 NYCRR Part 617 (collectively, "SEQRA"), previously reviewed the PSC Petition and related materials, including an Expanded Environmental Assessment Form ("EAF") submitted by the Company to PSC and the Agency; and based upon PSC review of the PSC Petition, EAF and related materials, PSC adopted a Negative Declaration pursuant to SEQRA on September 16, 2010 (the "PSC Negative Declaration", attached hereto as **Exhibit C**); and

WHEREAS, it 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", and collectively with the Agent Agreement, Lease Agreement, Leaseback Agreement and related documents, the "Agency Documents") 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 Agency Documents have been negotiated and a subsequent approving resolution of the Agency is adopted), 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"); and

WHEREAS, the Agency desires to (i) accept the minutes of the Public Hearings, (ii) approve the proposed terms of the Deviation, (iii) ratify the PSC Negative Declaration; and (iv) authorize the negotiation of final terms of the Agency Documents.

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 Agency hereby accepts the Minutes of the Public Hearings as set forth within **Exhibit B**, and, upon due consideration of the Application and other materials provided by the Company relating to the Project, hereby authorizes the contemplated Deviation.

Section 3. The Agency has reviewed the PSC Negative Declaration adopted by PSC on September 16, 2010 and determined the Project involves a "Type I Action" as said term is defined under SEQRA, for which PSC has assumed lead agency status and conducted a coordinated review. Based upon the review by the Agency of the PSC Negative Declaration, the EAF and related documents delivered by the Company to the Agency and other representations made by the Company to the Agency in connection with the Project, the Agency hereby ratifies the SEQRA determination made by PSC and the Agency further finds that (i) the Project will result in no major impacts and, therefore, is one which may not cause significant damage to the environment; (ii) the Project will not have a "significant effect on the environment" as such quoted terms are defined in SEQRA; and (iii) no "environmental impact statement" as such quoted term is defined in SEQRA, need be prepared for this action. This determination constitutes a negative declaration in connection with the Agency's sponsorship and involvement with the Project for purposes of SEQRA.

Section 4. 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 the agency Documents (including the PILOT Agreement and related Deviation); *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. The Agency's execution and delivery of the Agency Documents shall be subject to (i) PSC approval of the undertaking of the Project pursuant to the PSL, and (ii) the adoption by the Agency of a subsequent approving resolution.

Section 5. 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 6. These Resolutions shall take effect immediately.

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EXHIBIT A
ATJ CONSENTS

(on file at IDA Office)

EXHIBIT B
PUBLIC HEARING NOTICES, NOTICE LETTERS AND MINUTES

(on file at IDA Office)

EXHIBIT C
PSC SEQRA DETERMINATION, DATED SEPTEMBER 16, 2010

(on file at IDA Office)

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 November 16, 2010, 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 Agency this 16th day of November, 2010.

(Mr.) Lynn Blevins
Secretary

(SEAL)