

PROJECT AUTHORIZING RESOLUTION

(St. Lawrence Gas Company, Inc. Project)

A regular meeting of St. Lawrence County Industrial Development Agency (the "Agency") was convened on February 24, 2011, at 8:32 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:

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

The following persons were ALSO PRESENT: IDA Staff Raymond Fountain, Kim Gilbert, Patrick Kelly, Natalie Sweatland, Lori Sibley, Brian Norton and Rich Williams; Edmund J. Russell, III, Esq., Agency Counsel; and Justin Miller, Esq., Harris Beach, PLLC.

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. McMahon and seconded by Mr. Blevins, 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	X			
LaBaff, Ernest				X
McMahon, Andrew J.	X			
Peck, Donald				X
Staples, Brian	X			
Weekes, Jr., R. Joseph	X			

Resolution No. 11-02-11
February 24, 2011

(i) AUTHORIZING THE UNDERTAKING OF A CERTAIN PROJECT (AS MORE FULLY DESCRIBED BELOW) FOR THE BENEFIT OF ST. LAWRENCE GAS COMPANY, INC. (THE “COMPANY”); (ii) APPOINTING THE COMPANY AGENT OF THE AGENCY TO UNDERTAKE THE PROJECT; AND (iii) AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AND ASSIGNMENT AGREEMENT, LEASEBACK AND ASSIGNMENT AGREEMENT, PAYMENT-IN-LIEU-OF-TAX-AGREEMENT AND RELATED DOCUMENTS

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”); all in furtherance of providing natural gas service to users located or locating at or in areas surrounding the Land and in St. Lawrence County (the “County”); and

WHEREAS, by resolution adopted December 2, 2009 (the “Initial Resolution”), the Agency described the forms of financial assistance contemplated with respect to the Project, directed that a public hearing be held and a lease and assignment agreement (the “Lease Agreement”), leaseback and assignment agreement (the “Leaseback Agreement”), payment-in-lieu-of-tax agreement (the “PILOT Agreement”) and related documents be negotiated; and

WHEREAS, within the Application, the Company requested the Agency to provide benefits under the PILOT Agreement which result in a deviation (the “Deviation”) from the Agency’s Uniform Tax Exemption Policy (the “UTEP”) established pursuant to the Act, to wit, the Deviation requested by the Company entails a PILOT Agreement term of fifteen (15) years that provides 100% exemption from real property taxes relating to the Improvements and Equipment in PILOT years 1-5, with such exemption being reduced in 10% increments in PILOT years 6-14, with such Improvements and Equipment being thereafter subject to full taxation; and

WHEREAS, in furtherance of the Deviation, the Company Agency secured approvals from the Affected Tax Jurisdictions as follows: the Town of Stockholm - February 9, 2010; the Town of Brasher - February 10, 2010; the Town of Lawrence - February 10, 2010; the Norwood-Norfolk Central School District - March 16, 2010; the Brasher Falls Central School District - March 17, 2010; the Brushton-Moira Central School District - April 20, 2010; and the Town of Norfolk - June 14, 2010; and

WHEREAS, pursuant to and in accordance with the Act, the Agency transmitted a Notice of Public Hearing and Contemplated Deviation to the chief executive officers of the Affected Tax Jurisdictions on August 13, 2010; and

WHEREAS, pursuant to and in accordance with General Municipal Law Section 859-a, the Agency conducted public hearings with respect to the Project and the proposed financial assistance being contemplated by the Agency (collectively, the “Public Hearings”) on (i) September 22, 2010, at 5:00 p.m., at Brasher Town Hall, 11 Factory Street, Brasher Falls, New York 13613; (ii) September 22, 2010, at 7:00 p.m., at Town of Lawrence Municipal Complex, 11403 U.S. Highway 11, North Lawrence, New York 12967; (iii) September 23, 2010, at 5:00 p.m., at Stockholm Town Hall, 607 State Highway 11C, Winthrop, New York 13697; and (iv) September 23, 2010, at 7:00 p.m., at Norfolk Town Hall, 5 West Main Street, Norfolk, New York 13667, whereat interested parties were provided a reasonable opportunity, both orally and in writing, to present their views; and

WHEREAS, in response to the Company’s Application to the New York State Public Service Commission (“PSC”) for a Certificate of Environmental Compatibility and Public Need Pursuant to Article VII of the Public Service Law (“PSL”), 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”), and upon review of the PSC Application and related materials, including an Expanded Environmental Assessment Form (“EAF”) submitted by the Company to PSC and the Agency; the PSC adopted a Negative Declaration pursuant to SEQRA and relating to the Project on September 16, 2010 (the “PSC Negative Declaration”); and

WHEREAS, by resolution adopted November 16, 2010, the Agency approved the Deviation, ratified the PSC Negative Declaration and authorized continued negotiation of the Lease Agreement, Leaseback Agreement, PILOT Agreement and related documents; and

WHEREAS, by consent approved on February 17, 2011, the PSC granted the Company a Certificate of Environmental Compatibility and Public Need to undertake the Project and an Original Certificate of Public Convenience and Necessity under Section 68 of the PSL for Excise of Gas Franchises relating to the Project; and

WHEREAS, the terms of the Lease Agreement, Leaseback Agreement, PILOT Agreement and related documents (collectively, the "Project Documents") have been negotiated and are presented to this meeting for approval and execution; and

WHEREAS, the Agency desires to (i) authorize the undertaking of the Project; (ii) appoint the Company as agent of the Agency to undertake the Project; and (iii) authorize the execution and delivery of the Project Documents.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE AGENCY AS FOLLOWS:

Section 1. Subject to the Company executing the Lease Agreement and Leaseback 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 undertaking 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, this appointment of the Company as agent shall expire on December 31, 2015 (unless extended for good cause by the Chief Executive Officer or other authorized representative of the Agency).

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 execute and deliver the Lease Agreement, Leaseback Agreement (and corresponding memoranda thereof) and related documents substantially in the forms thereof presented to this meeting with such changes (including without limitation any change in the dated date of such documents), variations, omissions and insertions as the Chairman, Vice Chairman, Chief Executive Officer and/or the Deputy CEO shall approve. The execution of the Lease Agreement, Leaseback Agreement and related documents by the Chairman, Vice Chairman, Chief Executive Officer and/or the Deputy CEO of the Agency shall constitute conclusive evidence of such approval. The Agency hereby further authorizes the execution and delivery of periodic Lease Supplements, as defined within the Lease Agreement and Leaseback Agreement (along with corresponding memoranda thereof) to memorialize the Company's continued acquisition of easements and rights of way necessary to undertake the Project.

Section 3. The Chairman, Vice Chairman, Chief Executive Officer and/or the Deputy CEO of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the PILOT Agreement and any documents necessary and incidental thereto, including but not limited to NYS Form RP-412-a, "Application for Real Property Tax Exemption," and the Secretary of the Agency is hereby authorized to affix the seal of the Agency thereto where appropriate and to attest the same, all in substantially the forms thereof presented to this meeting with such changes (including without limitation any change in the dated date of such documents), variations, omissions and insertions as the Chairman, Vice Chairman, Chief Executive Officer and/or the Deputy CEO shall approve. The execution of the PILOT Agreement and the Application for Real Property Tax Exemption by the Chairman, Vice Chairman, Chief Executive Officer and/or the Deputy CEO of the Agency shall constitute conclusive evidence of such approval.

Section 4. 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 upon adoption.

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 February 24, 2011, 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 24th day of February, 2011.

(Mr.) Lynn Blevins
Secretary

(SEAL)