

RESOLUTION

(Claxton-Hepburn Medical Center Project)

A regular meeting of St. Lawrence County Industrial Development Agency (the “Agency”) was convened on September 23, 2011, at 4:00 p.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 C.	X	
LaBaff, Ernest	X	
McMahon, Andrew		X
Peck, Hon. Donald	X	
Staples, Brian	X	
Weekes, Jr., R. Joseph	X	

The following persons were ALSO PRESENT: IDA Staff and Officers Raymond H. Fountain, Patrick J. Kelly, Kimberly Gilbert, Natalie Sweatland, Richard Williams, Lori Sibley; Agency Counsel Andy Silver

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 Claxton-Hepburn Medical Center.

On motion duly made by Mr. Hall 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 C.	X			
LaBaff, Ernest	X			
McMahon, Andrew				X
Peck, Hon. Donald	X			
Staples, Brian	X			
Weekes, Jr., R. Joseph	X			

AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH THE PROVISION OF AN ADDITIONAL INTEREST RATE MODE WITH RESPECT TO THE ISSUER’S \$20,000,000 ORIGINAL PRINCIPAL AMOUNT VARIABLE RATE DEMAND CIVIC FACILITY REVENUE REFUNDING BONDS (CLAXTON-HEPBURN MEDICAL CENTER PROJECT), SERIES 2006

Resolution No. 11-09-33

September 23, 2011

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 (the "Act"), the **ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (the "Issuer") was created with the authority and power to issue its special revenue bonds for the purpose of, among other things, acquiring, constructing, reconstructing and equipping, manufacturing, warehousing, civic, research, commercial, or industrial facilities as authorized by the Act; and

WHEREAS, on October 18, 2006, the Issuer issued its Variable Rate Demand Civic Facility Revenue Refunding Bonds (Claxton-Hepburn Medical Center Project), Series 2006 in the original aggregate principal amount of \$20,000,000 (the "Series 2006 Bonds" or the "Bonds") to provide funds for Claxton-Hepburn Medical Center, a not-for-profit corporation duly formed and validly existing under the laws of the State (the "Hospital"), for the purpose of undertaking a project (the "Project") consisting of: (A) the advance refunding of all or a portion of the Issuer's \$12,450,000 original principal amount Civic Facility Revenue Bonds (Claxton-Hepburn Medical Center Project—Letter of Credit Secured), Series 1999 (the "Series 1999 Bonds"), the proceeds of which were used to finance a certain project (the "Series 1999 Project") consisting of: (1) the acquisition by the Issuer of an interest in the Hospital's existing medical center facility located on a two-block parcel of land, bordered by King Street, Ford Avenue, Ogden Avenue and Mansion Avenue, in the City of Ogdensburg, St. Lawrence County, New York (the "Land"), and the existing improvements thereon, consisting principally of approximately 153,600 square feet of building space contained collectively in the buildings constructed in 1918, 1919, 1960 and 1975 and used for hospital-related services; (2) the construction of (i) an approximately 26,000 square-foot, three-story addition to the northeast end of the 1960 building, to be used to house, among other things, ambulatory services, a medical/surgical replacement nursing unit, kitchen, dining and servery facilities, and new mechanical and electrical service infrastructure upgrades and (ii) an approximately 4,900 square foot addition connecting the 1960 and 1975 buildings to be used as an additional support area for medical/surgical beds and to house an expansion of radiology services; (3) the renovation and reconstruction of approximately 42,300 square feet of existing building space consisting of (i) the renovation of the second floor of the 1975 building to provide for a 21-bed medical/surgical unit and the renovation of a portion of the first floor to house an enhanced emergency department, (ii) the reconstruction of the existing King Street entrance and the installation thereon and therein of a new curb and hydraulic elevator and (iii) the renovation of the first floor of the 1960 building to provide for an improved lobby, registration facilities and ambulatory functions; and (4) the acquisition and installation of certain machinery, equipment and other items of tangible personal property (said buildings and improvements situated on the Land being hereinafter collectively referred to as the "Series 1999 Improvements"; said machinery, equipment and other items of tangible personal property being hereinafter referred to as the "Series 1999 Equipment"; and the Land, the Series 1999 Improvements and the Series 1999 Equipment being hereinafter referred to as the "Series 1999 Facility"); (B)(1) the acquisition or retention by the Issuer of fee title to or other interest in the Series 1999 Facility; (2) the construction of an approximately 5,128 square-foot one-story addition to the first floor of the 1999 Facility to house a new ambulatory outpatient surgery area including two new surgical suites and an expansion of the Hospital's Outpatient Imaging services, an approximately 8,243 square-foot expansion of the third floor of the 1999 Facility to house activities space, office space and related amenities for the Hospital's Mental Health Center, and an approximately 8,243 square-foot expansion of the fourth floor of the 1999 Facility to house a new 10-bed obstetrics unit (collectively, the "Improvements"); (3) the acquisition of and installation in and around the Improvements of certain items of machinery, equipment, furniture and other tangible personal property (the "Equipment" and, collectively with the Improvements and the 1999 Facility, the "Facility"); (C) the payment of certain cost and expenses incidental to the issuance of the Bonds; (D) the sale of the facilities financed with the Bonds to the Hospital pursuant to the Installment Sale Agreement (as

defined below); and

WHEREAS, the Bonds were issued pursuant to certain resolutions adopted by the Issuer on September 28, 2006 and under a certain Indenture of Trust, dated as of October 1, 2006 (the “Original Indenture”), by and between the Issuer and Wells Fargo Bank, N.A., as trustee (the “Trustee”); and

WHEREAS, in connection with the issuance of the Bonds (i) the Hospital and the Issuer entered into a certain Installment Sale Agreement, dated as of October 1, 2006 (the “Original Sale Agreement”), for the purposes of, among other things, specifying the terms and conditions pursuant to which the Issuer sold its interest in the Facility financed with the Bonds to the Hospital, with the installment purchase payments thereunder in an amount sufficient to pay the principal of, Sinking Fund Installments on, Purchase Price and Redemption Price of, and interest on the Bonds; and

WHEREAS, the Bonds were originally secured pursuant to an irrevocable, transferable, direct pay letter of credit (the “Letter of Credit”), issued by KeyBank National Association (the “LOC Bank”) in a stated amount equal to the aggregate principal amount of the Bonds plus up to thirty-five (35) days’ accrued interest thereon pursuant to a Letter of Credit Reimbursement Agreement, dated as of October 1, 2006, as amended from time to time (as so amended, the “Reimbursement Agreement”), by and between the Hospital and the LOC Bank, with the Letter of Credit being issued to the Trustee for the benefit of the Holders to pay the principal of, Sinking Fund Installments on, Purchase Price and Redemption Price (as such terms are defined in the Schedule A to the Original Indenture) of, and interest on the Bonds.

WHEREAS, as further security for, among other things, the Bonds and the Hospital’s obligations under the Reimbursement Agreement:

- (i) the Hospital and the Credit Issuer entered into a certain Negative Pledge Agreement, dated as of October 1, 2006 (the “Negative Pledge”),
- (ii) the Hospital executed and delivered a certain Security Agreement, dated as of October 1, 2006 (the “Security Agreement”); and
- (iii) the Hospital and the Issuer executed and delivered a certain Assignment of Leases and Rents, date as of October 1, 2006 (the “Assignment of Leases and Rents”); and

WHEREAS, the Issuer has been advised that the Hospital and the LOC Bank desire, with the consent of the Hospital, to provide for an additional interest mode payable on the Bonds effective on October 3, 2011 (the “Bank Rate Mode”); and

WHEREAS, the Hospital has agreed to pay all fees, costs and other expenses of the Hospital and the Issuer, and their respective counsel incurred in effectuating the transactions contemplated hereby; and

WHEREAS, in order to effectuate the Bank Rate Mode:

- (i) all outstanding Bonds will be mandatorily tendered for purchase for purchase by Key Government Finance, Inc. (the “Purchaser”) and the Original Indenture will be supplemented and amended to, among other things, incorporate the Bank Rate Mode pursuant to the terms of the

Original Indenture, as supplemented and amended by a certain First Supplemental Indenture of Trust, dated as of October 1, 2011 (the “First Supplemental Indenture”; the Original Indenture as so supplemented and amended, is hereinafter referred to as the “Indenture”);

(ii) the Original Installment Sale Agreement will be supplemented and amended pursuant to a certain First Supplemental Installment Sale Agreement, dated as of October 1, 2011, by and between the Issuer and the Hospital (the “First Supplemental Installment Sale Agreement”);

(iii) the Original Pledge and Assignment will be supplemented and amended pursuant to a certain First Supplemental Pledge and Assignment, dated as of October 1, 2011, by and among the Issuer, the Hospital and the Purchasers (as assignee of the LOC Bank) (the “First Supplemental Pledge and Assignment”); and

(iv) the Purchaser has agreed to purchase and hold the Bonds pursuant to a certain Bond Purchase Agreement or other similar agreement, dated the date of conversion to the Bank Rate Mode, by and among the Issuer, the Hospital and the Purchaser (the “Purchase Agreement”); and

(v) the Issuer and the Hospital will amend and restate the Tax Compliance Agreement, dated October 18, 2006, pursuant to a certain First Amended Tax Compliance Agreement, to be dated the date of conversion to the Bank Rate Mode (the “Amended Tax Compliance Agreement”); and

(vi) certain other documents and instruments acceptable to the parties thereto will be executed and delivered; and

WHEREAS, the Issuer desires to adopt a resolution authorizing (i) the execution and delivery of the documents to which the Issuer is a party and (ii) the conversion of the Bonds to the Bank Rate Mode.

NOW, THEREFORE, BE IT RESOLVED by the members of the St. Lawrence County Industrial Development Agency as follows:

Section 1. The Issuer hereby approves the conversion of the Bonds to the Bank Rate Mode. The form and substance of the replacement Bond bearing interest at the Bank Rate Mode (in substantially the form presented to this meeting), having been reviewed by the members of the Audit and Finance Committee of the Issuer in accordance with applicable provisions of the Public Authorities Law, are hereby approved, and the Secretary of the Issuer is hereby directed to include a copy of the form of the replacement Bond bearing interest at the Bank Rate Mode submitted to this meeting with the records of the Issuer.

Section 2. In consequence of the foregoing, the Issuer hereby determines to cause a mandatory tender of the Bonds and to execute and deliver all documents necessary and incidental to the conversion of the Bonds to the Bank Rate Mode, including, but not limited to, the First Supplemental Indenture, the First Supplemental Installment Sale Agreement, the First Supplemental Pledge and Assignment, the Purchase Agreement, the Amended Tax Compliance Agreement, a replacement Bond bearing interest at the Bank Rate Mode, along with related documents (collectively, the “Financing Documents”).

Section 3. (a) The Chairman (or Vice Chairman), Chief Executive Officer and/or

Deputy CEO of the Issuer are hereby authorized, on behalf of the Issuer, to execute and deliver the Financing Documents and any documents necessary and incidental to the conversion of the Bonds to the Bank Rate Mode; and the 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 or as otherwise authorized hereby with such changes, variations, omissions and insertions as the Chairman (or Vice Chairman), Chief Executive Officer and/or Deputy CEO and Harris Beach PLLC, as Bond Counsel to the Issuer, shall approve, including but not limited to the dated date of the Financing Documents. The execution of the Financing Documents by the Chairman (or Vice Chairman), Chief Executive Officer and/or Deputy CEO shall constitute conclusive evidence of such approval.

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

Section 4. 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 Financing Documents, and to execute and deliver all such additional certificates, instruments and documents, including the Financing Documents, 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 Financing Documents binding upon the Issuer.

Section 5. 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 6. Due to the complex nature of this transaction, the Issuer hereby authorizes its Chairman (or Vice Chairman), Chief Executive Officer and/or Deputy CEO to approve, execute and deliver such further agreements, documents and certificates as the Issuer may be advised by Bond Counsel to the Issuer 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 (or Vice Chairman), Chief Executive Officer and/or Deputy CEO.

Section 7. All other documents entered into in connection with the Bonds shall remain in full force and effect.

Section 8. In connection with the execution and delivery of the Financing Documents and all other transactions contemplated hereby, the Hospital shall pay all fees and expenses of the Issuer and the Hospital, and their respective counsel, incurred in connection therewith, as well as all fees and expenses of the Issuer and the Hospital, and their respective counsel, incurred in connection with the ongoing examination of the Bonds by the Internal Revenue Service

Section 9. This resolution shall take effect immediately.

STATE OF NEW YORK)
COUNTY OF ST. LAWRENCE) SS.:

The undersigned, being the Secretary of the St. Lawrence County Industrial Development Agency, DOES HEREBY CERTIFY THAT:

I have compared the foregoing extract of the minutes of the meeting of the St. Lawrence County Industrial Development Agency (the "Issuer") including the resolution contained therein, held on the 23rd day of September, 2011, 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 relates to the subject in 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 seal of said Issuer this 23rd day of September, 2011.

(Mr.) Lynn Blevins, Secretary