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A meeting of the St. Lawrence County Industrial Development Agency Civic Development Corporation was convened in public session on June 24, 2010 at McCarthy's Restaurant in Canton, New York.

The meeting was called to order by the Chairman and, upon the roll being duly called, the following members were:

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

The following persons were ALSO PRESENT: Raymond Fountain, CEO; Kimberly Gilbert, CFO; Patrick Kelly, Deputy CEO; Richard Williams, Facilities Manager; Natalie Sweatland, Administrative Assistant; William R. Small, Esq., Agency Counsel.

The following resolution was offered by Mr. LaBaff and seconded by Mr. Weekes:

**TAKING OFFICIAL ACTION TOWARD THE ISSUANCE OF REVENUE BONDS TO FINANCE A CERTAIN PROJECT FOR CANTON-POTSDAM HOSPITAL FOUNDATION, AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT BETWEEN THE ISSUER AND CANTON-POTSDAM HOSPITAL FOUNDATION WITH RESPECT TO SUCH FINANCING**

Resolution: CDC-10-06-06

**WHEREAS**, pursuant to the purposes and powers contained within Section 1411 of the Not-for-Profit Corporation Law ("N-PCL") of the State of New York (the "State"), as amended (hereinafter collectively called the "Act"), and pursuant to the certificate of incorporation filed on April 13, 2010, the ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY CIVIC DEVELOPMENT CORPORATION (the "Issuer") was established as a not-for-profit local development corporation of the State for the purposes of, among other things, relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding the County of St. Lawrence (the "County") by attracting new industry to the County, by encouraging the development of, or retention of, an industry in the community or area, and lessening the burdens of government and acting in the public interest; and

**WHEREAS**, Canton-Potsdam Hospital Foundation (the "Foundation") has presented an application (the "Application") to the Issuer, a copy of which was presented at this meeting and copies of which are on file at the office of the Issuer, requesting that the Issuer consider issuing

its Civic Development Corporation Revenue Bonds (Canton-Potsdam Hospital Foundation Project) in the aggregate principal amount not to exceed \$4,000,000 (the "Bonds") to finance a project described below (the "Project") for the benefit of the Foundation; and

**WHEREAS**, the Project consists of the following: (A) (1) the acquisition of approximately 24 acres of land located at 49 Lawrence Avenue in Potsdam, New York (the "Land") together with the former St. Mary's School building located thereon (the "Existing Facility"); (2) the construction of an approximately 1,500 square foot addition to the Existing Facility (the "Addition") and renovation of the Existing Facility; and (3) the acquisition and installation in the Existing Facility and the Addition of certain machinery and equipment (the "Equipment" and, together with the Land, the Existing Facility and the Addition, being collectively referred to as the "Project Facility"), all for use by Canton-Potsdam Hospital (the "Hospital") for medical clinics and outpatient programs; (B) the refinancing of certain outstanding indebtedness of the Foundation incurred to fund costs of acquiring, constructing and renovating the Project Facility; and (C) paying costs incidental to the financing thereof; and

**WHEREAS**, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State (collectively, the "SEQRA Act"), the Issuer has determined that the acquisition, construction and equipping of the Project Facility is a "Type II Action" under the SEQRA Act and no further action under the SEQRA Act and the regulations is required with respect to the Project; and

**WHEREAS**, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds will not be excludable from gross income for federal income tax purposes unless the issuance of the Bonds is approved by the "applicable elected representative" of the County after a public hearing on the Project Facility and the issuance of the Bonds;

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

Section 1. The Issuer accepts the application made by Foundation.

Section 2. Based upon the representations made by the Foundation to the Issuer, the Issuer hereby makes the following findings and determinations:

(a) It is desirable and in the public interest for the Issuer to issue its Bonds in a principal amount not to exceed \$4,000,000 to finance the costs of the Project.

(b) The Issuer has the authority to undertake the actions contemplated herein; and

(c) The action to be taken by the Issuer will induce the Foundation to undertake the Project, thereby increasing employment opportunities in

St. Lawrence County, New York, and otherwise furthering the purposes of the Issuer.

Section 3. Subject to the conditions set forth in Section 4.02 of the Agreement hereinafter referred to, the Issuer will (i) issue the Bonds in such principal amount and with such maturities, interest rate or rates, redemption terms and other terms and provisions to be determined by a further resolution of the Issuer, (ii) loan the proceeds of the Bonds to the Foundation pursuant to a loan agreement between the Issuer and the Foundation whereby the Foundation will be obligated, among other things, to make payments to the Issuer in amounts and at times so that such payments will be adequate to pay the principal of, premium, if any, and interest on the Bonds, and (iii) secure the Bonds in such manner as the Issuer, the Foundation and the purchaser(s) of the Bonds mutually deem appropriate.

Section 4. The Issuer authorizes the publication and mailing of notice of a public hearing and the holding of a public hearing with respect to the Project and the proposed Financial Assistance, as required by the Code.

Section 5. The issuance of the Bonds, as contemplated by this Resolution, shall be subject to:

(A) approval by the St. Lawrence County Board of Legislators in accordance with the provisions of Section 147(f) of the Code; and

(B) agreement by the Issuer, the Foundation and the purchaser of the Bonds on mutually acceptable terms for the Bonds and for the sale and delivery thereof and mutually acceptable terms and conditions for the security for the payment thereof.

Section 6. The Foundation is hereby authorized to undertake the financing of the Project with the Bonds.

Section 7. To the extent Foundation has paid or incurred or will pay or incur preliminary expenditures or hard costs in connection with the Project with current funds, the Issuer understands the Foundation reasonably expects to reimburse itself with proceeds from the Bonds.

Section 8. With respect to the issuance of the Bonds, the law firm of Bond, Schoeneck & King, PLLC of Syracuse, New York, is hereby appointed Bond Counsel to the Issuer.

Section 9. Counsel to the Issuer and Bond Counsel are hereby authorized to work with counsel to the Foundation and others to prepare for submission to the Issuer, all documents necessary to effect the authorization, issuance and sale of the Bonds, and reimbursement of the cost of all such work prior to the date hereof is hereby authorized to the extent permitted by the Code.

Section 10. The form and substance of a proposed agreement (in substantially the form presented to this meeting and attached hereto as Exhibit A) between the Issuer and the Foundation setting forth the undertakings of the Issuer and the Foundation with respect to the issuance of the Bonds (the "Agreement") are hereby approved. The Chairman or Vice-Chairman of the Issuer is hereby authorized, on behalf of the Issuer, to execute and deliver the Agreement in substantially the form thereof presented to this meeting, with such changes in terms and form as the Chairman or Vice-Chairman shall approve. The execution thereof by the Chairman shall constitute conclusive evidence of such approval.

Section 11. Each of the officers and members of the Issuer is hereby designated and authorized to preside over and conduct, on behalf of the Issuer, the public hearing referred to in Section 4 of this Resolution.

Section 12. The Issuer hereby declares that this resolution shall represent its declaration of "official intention" in accordance with final Treasury Regulation Section 1.150-2. The Issuer reasonably expects to reimburse the Foundation for its expenditures incurred in connection with the Project Facility with the proceeds of the Bonds.

Section 13. A copy of this resolution shall be available for public inspection at the customary location of records of the Issuer that are available to the general public.

Section 14. The Chairman (or Vice-Chairman) or Secretary of the Issuer is hereby authorized and directed to distribute copies of this resolution to the Foundation and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

Section 15. This Resolution 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
Lynn Blevins	X			
Mark C. Hall	X			
Ernest LaBaff	X			
Andrew J. McMahon				
Brian W. Staples	X			X
R. Joseph Weekes, Jr.	X			

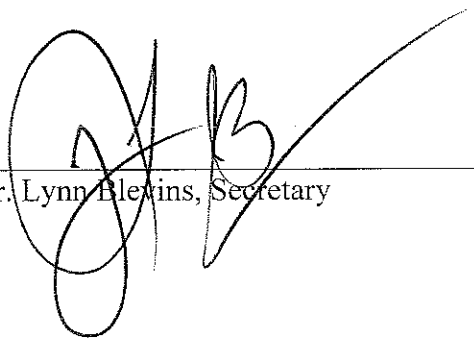
The resolution was thereupon declared duly adopted.

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

I, the undersigned Secretary of the St. Lawrence County Industrial Development Agency Civic Development Corporation, DO HEREBY CERTIFY that (i) I have compared the annexed extract of the minutes of the meeting of the St. Lawrence County Industrial Development Agency (the "Issuer") held on June 24, 2010 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 the whole of such original insofar as the same relates to the subject matters referred to therein, and (ii) the Agreement attached hereto as Exhibit A is in substantially the form presented to and approved at such meeting.

I FURTHER CERTIFY that (i) all members of the Issuer had due notice of such meeting, (ii) pursuant to Section 104 of the Public Officers Law (Open Meetings Law), such meeting was open to the general public and public notice of the time and place of such meeting was duly given in accordance with such Section 104, (iii) the meeting was in all respects duly held, and (iv) there was a quorum present throughout.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Issuer this 24th day of June, 2010.

  
\_\_\_\_\_  
Mr. Lynn Blexins, Secretary

(SEAL)

*CPA Inc.*

## EXHIBIT A

### AGREEMENT

THIS AGREEMENT is between the St. Lawrence County Industrial Development Agency Civic Development Corporation (the "Issuer") and Canton-Potsdam Hospital Foundation (the "Foundation").

Article 1. Preliminary Statement. Among the matters of mutual inducement which have resulted in the execution of this Agreement are the following:

1.01. The Issuer is authorized and empowered by the provisions of Section 1411 of the Not-for-Profit Corporation Law ("N-PCL") of the State of New York (the "State"), as amended (the "Act") and its certificate of incorporation filed on April 13, 2010 (the "Certificate") to issue its revenue bonds for the purposes of the Act.

1.02. The purposes of the Act include, among other things, relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding the County of St. Lawrence (the "County") by attracting new industry to the County, by encouraging the development of, or retention of, an industry in the community or area, and lessening the burdens of government and acting in the public interest. The Act vests the Issuer with all powers necessary to enable it to accomplish such purposes, including the power to borrow money and to issue negotiable bonds, notes and other obligations therefor.

1.03. The Foundation has requested that the Issuer assist the Foundation's financing of the Project (defined below) by loaning the net proceeds derived from the issuance of the Issuer's revenue bonds (the "Bonds") to the Foundation pursuant to a certain Loan Agreement, by and between the Issuer and the Foundation (the "Loan Agreement"), with the payments made by the Foundation thereunder being sufficient to pay the principal of premium, if any, purchase price and interest on the Bonds. The Project consists of (A) (1) the acquisition of approximately 24 acres of land located at 49 Lawrence Avenue in Potsdam, New York (the "Land") together with the former St. Mary's School building located thereon (the "Existing Facility"); (2) the construction of an approximately 1,500 square foot addition to the Existing Facility (the "Addition") and renovation of the Existing Facility; and (3) the acquisition and installation in the Existing Facility and the Addition of certain machinery and equipment (the "Equipment" and, together with the Land, the Existing Facility and the Addition, being collectively referred to as the "Project Facility"), all for use by Canton-Potsdam Hospital (the "Hospital") for medical clinics and outpatient programs; (B) the refinancing of certain outstanding indebtedness of the Foundation incurred to fund costs of acquiring, constructing and

renovating the Project Facility; and (C) paying costs incidental to the financing thereof.

1.04. The Foundation hereby represents to the Issuer that the Issuer's financing of the Project Facility through the issuance of the Bonds will be an inducement to maintain and enhance its facilities in the County.

1.05. The Issuer has determined that loaning the proceeds from the sale of the Bonds to the Foundation will promote and further the purposes of the Act.

1.06. On June 24, 2010, the Issuer adopted resolutions (the "Resolutions") agreeing, subject to the satisfaction of all conditions precedent set forth in such resolutions, to issue and sell its revenue bonds in an aggregate principal amount not to exceed \$4,000,000 to pay the costs of the Project, together with certain related costs and amounts.

1.07. In the Resolutions, based on the information provided by the Foundation, the Issuer determined pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State (collectively, the "SEQR Act") that the acquisition, construction and equipping of the Project Facility is a "Type II Action", as such quoted term is defined in the SEQR Act.

Article 2. Undertakings on the Part of the Issuer. Based upon the statements, representations and undertakings of the Foundation and subject to the conditions set forth herein, the Issuer agrees as follows:

2.01. The Issuer will authorize and use its best efforts to issue, sell and deliver the Bonds pursuant to the Act as then in effect.

2.02. The Issuer will adopt such proceedings and authorize the execution of such documents as may be necessary or advisable for (i) the authorization, issuance, sale and delivery of the Bonds, and (ii) the loaning of the proceeds from the sale of the Bonds to the Foundation.

2.03. The Issuer will enter into an agreement to loan the proceeds of the sale of the Bonds to the Foundation (the "Financing Agreement"). The Financing Agreement shall obligate the Foundation to make aggregate basic payments (i.e., payments to be used to pay the principal of, premium, if any, and interest on the Bonds) in an amount at least sufficient to pay the principal of, premium, if any, and interest on the Bonds as and when the same shall become due and payable, plus such additional amounts as shall be prescribed in the Financing Agreement. The Financing Agreement shall contain all provisions required by law and such other provisions as shall be mutually satisfactory to the Issuer, the Foundation and the purchaser(s) of the Bonds.

2.04. The Foundation may proceed with the acquisition, construction and equipping of the Project Facility and advance such funds as may be necessary to accomplish

such purposes and, to the extent permitted by law and subject to the conditions set forth herein, the Issuer agrees to reimburse the Foundation therefor from the proceeds of the Bonds.

2.05. The Issuer will take or cause to be taken such other acts and adopt such further proceedings as may be required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof.

Article 3. Undertakings on the Part of the Foundation. Based upon the statements, representations and undertakings of the Issuer herein and in the Resolutions and subject to the conditions set forth herein and in the Resolutions, the Foundation agrees as follows:

3.01. The Foundation hereby agrees to (i) acquire, construct and equip the Project Facility and (ii) make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions and in general to do all things which may be requisite or proper for completing the Project Facility.

3.02. The Foundation will use all reasonable efforts to find or cause to be found one or more purchasers of the Bonds.

3.03. The Foundation will enter into the Financing Agreement with the Issuer containing, among other things, the terms and conditions described in Section 2.03 hereof and such other financing agreements, indentures, guaranties, and related agreements as shall be necessary or appropriate to secure the Bonds.

3.04. (a) The Foundation shall not permit to stand, and will, at its own expense, take all steps reasonably necessary to remove (or bond the same if acceptable to the Issuer and its counsel), any mechanics or other liens against the Project Facility for labor or materials furnished in connection with the acquisition, construction and equipping of the Project Facility. The Foundation shall forever defend, indemnify and hold the Issuer, its members, officers, employees and agents, and anyone for whose acts or omissions the Issuer or any of them may be liable, harmless from and against all costs, losses, expenses, claims, damages and liabilities of whatever kind or nature arising, directly or indirectly, out of or based on labor, services, materials and supplies, including equipment, ordered or used in connection with the acquisition, construction and equipping of the Project Facility or arising out of any contract or other arrangement therefor (and including any expenses incurred by the Issuer in defending any claims, suits or actions which may arise as a result of any of the foregoing).

(b) The Foundation shall forever defend, indemnify and hold harmless the Issuer, its members, officers, employees and agents, and anyone for whose acts or omissions the Issuer or any of them may be liable, from and against all claims, causes of action, liabilities and expenses howsoever arising for loss or damage to property or any injury to or death of any person (including, without limitation, death of or injury to any employee of the Foundation or the Hospital) that may occur subsequent to the date hereof by any cause whatsoever in relation to the

Project Facility, including the failure to comply with the provisions of Section 3.04 hereof, or arising, directly or indirectly, out of the ownership, construction, acquisition, operation, maintenance, repair or financing of the Project Facility, and including, without limitation, any expenses incurred by the Issuer in defending any claims, suits or actions which may arise as a result of the foregoing.

(c) The defense and indemnities provided for in this Article 3 shall apply whether or not the claim, liability, cause of action or expense is caused or alleged to be caused, in whole or in part, by the activities, acts, fault or negligence of the Issuer, its members, officers, employees and agents, anyone under the direction and control of any of them, or anyone for whose acts or omissions the Issuer or any of them may be liable, and whether or not based upon the breach of a statutory duty or obligation or any theory or rule of comparative or apportioned liability, subject only to any specific prohibition relating to the scope of indemnities imposed by statutory law.

(d) The Foundation shall provide and carry worker's compensation and disability insurance as required by law and comprehensive liability insurance with such coverages (including, without limitation, owner's protective for the benefit of the Issuer and contractual coverage covering the indemnities herein provided for), with such limits and with such companies as may be approved by the Issuer. Upon the request of the Issuer, the Foundation shall provide certificates of insurance in form satisfactory to the Issuer evidencing such insurance.

3.05. The Foundation agrees that, as agent for the Issuer or otherwise, it will comply with all the requirements of all federal, state and local laws, rules and regulations of whatever kind and howsoever denominated applicable to the Issuer and/or the Foundation with respect to the Project Facility, the acquisition, construction and equipping thereof, the operation and maintenance of the Project Facility and the financing thereof. Every provision required by law to be inserted herein shall be deemed to be set forth herein as if set forth in full; and upon the request of either party, this Agreement shall be amended to specifically set forth any such provision or provisions.

3.06. The Foundation will take such further action and adopt such further proceedings as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

3.07. If it should be determined that any State or local sales or compensatory use taxes are payable with respect to the acquisition, purchase or rental of machinery or equipment, materials or supplies in connection with the Project Facility, or are in any manner otherwise payable directly or indirectly in connection with the Project Facility, the Foundation shall pay the same and defend and indemnify the Issuer from and against any liability, expenses and penalties arising out of, directly or indirectly, the imposition of any such taxes.

Article 4. General Provisions.

4.01. This Agreement shall take effect on the date of the execution hereof by the Issuer and the Foundation and, subject to Section 4.05 hereof, shall remain in effect until the Financing Agreement becomes effective. It is the intent of the Issuer and the Foundation that this Agreement be superseded in its entirety by the Financing Agreement.

4.02. It is understood and agreed by the Issuer and the Foundation that the issuance of the Bonds and the execution of the Financing Agreement and related documents are subject to (i) obtaining all necessary governmental approvals and compliance with SEQR Act and (ii) agreement by the Issuer, the Foundation and the purchaser(s) of the Bonds upon mutually satisfactory terms for the Bonds (and any additional bonds) and the sale and delivery thereof and mutually satisfactory terms and conditions for the Financing Agreement.


4.03. The Foundation agrees that it will (i) reimburse the Issuer for all reasonable and necessary expenses, including without limitation the fees and expenses of counsel to the Issuer and bond counsel to the Issuer, and (ii) indemnify the Issuer from all losses, claims, damages and liabilities, in each case which the Issuer may incur as a consequence of executing this Agreement or performing its obligations hereunder. The Foundation shall also pay to the Issuer as an administrative fee an amount equal to one percent (1%) of the principal amount of the Bonds payable upon issuance of the Bonds.

4.04. The Foundation at its option may cause a designee of the Foundation acceptable to the Issuer to enter into the Financing Agreement and to perform its other duties hereunder.

4.05. This Agreement may be terminated, at the option of either party hereto, on or after one year from the date hereof upon delivery of prior written notice thereof to the other party; provided, however, that in such event the Foundation's obligations under Sections 3.04, 3.07 and 4.03 hereof shall survive any such termination.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of June 24, 2010.

ST. LAWRENCE COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY CIVIC  
DEVELOPMENT CORPORATION

By:  \_\_\_\_\_  
Chairman

CANTON-POTSDAM HOSPITAL  
FOUNDATION

By: \_\_\_\_\_