

Saratoga County Capital Resource Corp.

Meeting Minutes January 3, 2013

The meeting was called to order by the Chair at 3:40 following the close of a public hearing held to consider an application by Saratoga Hospital. The following members, staff and guests were present:

Members: Anita Daly, Ray O'Connor, Richard Dunn, Eugene Zeltmann, Arthur Johnson, Paul Loomis, Valeria Muratori

Staff: Lawrence Benton, CEO and James Carminucci, Counsel.

Guests: Steven Williams, Daily Gazette; Caitlyn Morris, Saratogian, Michael Battle, Saratoga Hospital

Approval of the December 14, 2012 Meeting Minutes:

Mr. O'Connor noted that in his review of the Saratoga Hospital audited financials he had reported that the Auditor's had provided an "unqualified without exception" review. The draft minutes were changed to reflect that. He moved to approve the minutes as corrected with a second by Mr. Dunn with all in favor.

Application: Saratoga Hospital

In discussion of the proposed bond issue Mr. Battle of Saratoga Hospital confirmed that the tax exempt bond refinancing would result in a savings to the hospital of 4.4 million dollars over 20 years or 3.2 million in present value money.

Mr. Zeltmann suggested the Board should be able to state the reasons for any approvals it gives.

Mr. Carminucci distributed the proposed bond resolution. He noted that the approval process is moving along, the proposed resolution has been forwarded to the County Board of Supervisors which must approve the Corporation's proposed bond issues. The board resolution being considered today authorizes officers of the corporation to execute any and all documents which will be required for the bond issuance. It also addresses the State Environmental Quality Review Act (SEQRA) requirements by declaring there will be no significant impacts as a result of the refinancing. He added that there was no construction or property disturbance associated with the project.

Mr. Dunn inquired about the original purpose of the 2004 IDA Bond which is part of the refinancing. Mr. Carminucci and Mr. Battle explained that the bond was tied to second floor improvements at the Hospital's Surgery Center in Wilton which originally was planned to be leased to private physicians. Mr. Battle stated that the Hospital currently occupies about 90% of the floor and there is only one physician leasing space.

In response to Mr. Zeltmann's questions Mr. Battle confirmed that the bonds interest rates will be set by market conditions. In response to Ms. Muratori's question he said a closing should take place towards the end of January.

Mr. Zeltmann asked if the applicant has reserved the right to cancel the bond issue for some reason such as if rates suddenly went up. Mr. Carminucci confirmed that the Hospital retains that option.

The Chair asked if the Board was prepared to move on this application.

Ms. Muratori; moved to approve the Bond Resolution on behalf of Saratoga Hospital as distributed. Mr. O'Connor seconded the motion.

Resolution #01-2013 (See Attached)

A roll call vote was taken with the following results:

Ayes: Mr. O'Connor, Mr. Dunn, Mr. Johnson, Ms. Muratori, Mr. Loomis, Mr. Zeltmann and Ms. Daly

Noes: 0

Adopted: 7-0

Use of Fee Revenues:

The Board discussed the future uses of its anticipated unrestricted fund balance. The focus of the future grant assistance program would likely be not-for-profits within Saratoga County. Any assistance would be guided by the Board's mission. There was a discussion on the Authority Budget Offices' (ABO) criticism of grants given by the IDA's across the State. Mr. Benton explained IDA's are subject to Section 18A of the General Municipal Law which does not specifically state that they are authorized to make grants. The SCCRC is created under a

different statute and may have more flexibility in this area. Mr. Carminucci will research the Corporation's authority under law. Mr. Zeltmann and Ms. Muratori agreed that as a Board they will need to have a sense of the corporation's operating costs to be comfortable with the amount of funds available for an assistance program.

The Chair asked Counsel if there will be opportunities for this corporation to assist smaller not-for-profits. He responded that because of the associated costs of bond issues there would be a minimum amount that would need to be borrowed to justify the expenses. As the bonds are backed solely by the credit of the applicant, this would affect the ability of smaller not-for-profits to obtain this type of financing. He did note that if a not-for-profit had approval from a local bank there might be an opportunity to save them money by issuing a tax-exempt bond if the bank agreed to purchase the bond. Ms. Muratori suggested Leadership Grants could be explored as a potential means of assisting local not-for-profits. The Chair suggested the corporation establish a subcommittee to begin to outline the objectives and parameters of future assistance program using a portion of the unrestricted fund balance.

Auditor:

Mr. Benton said he had written the ABO to determine if an independent audit would be required for the Corporations 2012 Fiscal Year. As there was no financial activity in 2012 it appears that an audit may not be required. He has prepared an RFP for Auditing Service for the 2012-2014 fiscal years and identified three firms with experience in governmental audits. Bollam, Sheedy et al, which performs audits for the County Water Authority; Stark, Basila which serves as the IDA's Auditor and Fredette & Sankowski; a local firm with experience in governmental audits. Ms. Daly suggested we include Jenkins, Beecher et al a firm from South Glens Falls in the RFP. Mr. Benton said he would email the RFP for review and comments by Board members.

Bank Account

Mr. Benton advised the Board that a bank account has been opened at the Ballston Spa National Bank with the Chair, Vice Chair and Treasurer as authorized signers.

Policies

Policies required to be adopted has been previously distributed to the Board for review. The Chair then asked that the Board consider individual action on each.

Mr. Zeltmann moved to adopt the **Ethics Code** and Mr. Johnson seconded the motion.

Resolution # 2-2013

Resolved, that the Saratoga County Capital Resource Corporation hereby adopts an Ethics Code.

Ayes: All

Noes: 0

Adopted: 7-0

Ms Daly said she would like to establish a governance committee in accordance with ASO requirements and asked that Mr. Johnson, Mr. Zeltmann and Mr. O'Connor serve on the committee with the Chair serving as an ex-officio member.

Mr. Johnson moved to adopt the **charter for the Governance Committee** and Mr. O'Connor seconded the motion.

Resolution # 3-2013

Resolved, that the Saratoga County Capital Resource Corporation hereby adopts its governance committee charter.

Ayes: 7-0

Noes: 0

Adopted: 7-0

The Board next moved to adopt its **Investment Policy** which is based on the recommendations provided by the Office of the NYS Comptroller. Mr. O'Connor moved to adopt the Investment Policy, with a second by Mr. Dunn.

Resolution # 4-2013

Resolved, that the Saratoga County Capital Resource Corp hereby adopts its Investment Policy.

Ayes: 7

Noes: 0

Adopted: 7-0

The Board next discussed a Procurement Policy prepared based on guidelines provided from the State.

Mr. Loomis moved to adopt the **Procurement Policy**, the motion being seconded by Mr. O'Connor.

Resolution # 5-2013

Resolved, that the Saratoga County Capital Resource Corporation hereby adopts its Procurement Policy prepared in accordance with guidelines provided by the State of New York.

Ayes: 7

Noes: 0

Adopted: 7-0

The Board next discussed the Property Disposition Policy and Mr. Johnson made a motion, seconded by Mr. O'Connor to adopt the policy.

Resolution # 6-2013

Resolved, that the Saratoga County Capital Resource Corporation hereby adopts its Property Disposition Policy prepared in accordance with guidelines provided by the State of New York.

Ayes: 7

Noes: 0

Adopted: 7-0

The **Whistleblower Policy** was discussed next and Mr. O'Connor moved its adoption, seconded by Mr. Dunn.

Resolution # 7-2013

Resolved, that the Saratoga County Capital Resource Corporation hereby adopts its Whistleblower Policy prepared in accordance with guidelines provided by New York State.

Ayes: 7

Noes: 0

Adopted: 7-0

The Chair noted that the Ethics Code and Whistleblower code will both be overseen as needed by an **Ethics Officer**. Mr. O'Connor moved to appoint member Eugene Zeltmann as the Ethics Officer and Mr. Johnson seconded the motion.

Resolution # 8-2013

Resolved, that Eugene Zeltmann is hereby appointed Ethics Officer for the Saratoga County Capital Resource Corporation and shall perform the duties as described in the Corporation's Ethics Code and Whistleblower Policy.

Mr. Benton asked the Board to consider adoption of a formal Mission Statement which follows the format provided by the Authority Budget Office.

Mr. O'Connor moved to adopt the **Mission Statement and associated performance measurements**, Mr. Dunn seconded the motion.

Resolution # 9-2013

Resolved, that the Saratoga County Capital Resource Corporation hereby adopts its Mission Statement.

Ayes: 7-0

Noes: 0

Adopted: 7-0

Regarding Training required for each Board member, the members had or will register on line for training program offered by the ABO.

Mr. Benton suggested as an **internal control** financial management measure the Board require two signatures for all cash disbursements. Mr. O'Connor moved to require two signatures seconded by Ms. Muratori.

Resolution # 9-2013

Resolved, that as part of its internal control measure, it is hereby required that all cash disbursements or transfer of deposited funds for investment purposed be authorized by two signatures.

Ayes: 7

Noes: 0

Adopted: 7-0

The Chair said the next order of business would be to establish a Finance Committee as required by the Public Accountability Act. Mr. Dunn said that the IDA had made its full Board the Financial Committee. Mr. Benton said an important role of this committee is to oversee bond issues that might be issued for the purpose of the Corporation itself. Mr. O'Connor moved to establish a **finance committee and to adopt its charter**. Mr. Dunn seconded the motion.

Resolution # 10-2013

Resolved, that the Board of the Saratoga County Capital Resource Corporation will serve as Members of the Finance Committee which shall be guided by the Charter hereby adopted.

Ayes: 7

Noes: 0

Adopted: 7-0

Mr. Zeltmann commented that the full board should also be involved in the Corporations Budget Process.

The Chair suggested an Audit Committee be formed as required by the PAAA and that Mr. Johnson, Mr. Loomis and Mr. Dunn serve on that committee with the position of Chair serving as ex-officio.

Mr. Johnson moved to adopt the **Charter for the Audit Committee**, seconded by Ms. Muratori.

Resolution # 11-2013

Resolved, that the Charter for the Audit Committee prepared in accordance with the guidelines provided by the ABO is hereby adopted.

Ayes: 7

Noes: 0

Adopted: 7-0

Mr. Benton said he will update the policies and charters adopted today and email them to the members. He will also prepare a members handbook with policies, charters and other corporation documents.

The Chair asked about the Status of the Corporation's website. Mr. Benton said he had provided the County Planning Director with a sample WEB Home Page that includes all the categories of information which should be placed on the website. The Planning Department will be able to maintain the site by uploading information provided by the CEO. Ms. Daly said she would schedule a meeting with Mr. Kemper, Director to discuss the website and other administrative functions that he may be able to provide to the Corporation. Mr. Benton noted that the IDA contracts with the County annually to provide a number of services thru the Planning Department such as stationery, phone and fax access, office space and other day to day requirements.

Other Business

The Chair asked Mr. Johnson and Mr. Dunn to work with the CEO on obtaining bids for Directors and Officers coverage for Board Members. Mr. Zeltmann said that this type of coverage is essential for volunteer members.

The Chair recognized the need to appoint a CFO for this Corporation. Mr. Benton said in his experience with the IDA the CFO is an important advisory position and having the expertise of someone with an accounting background would be a real benefit to the Board Members.

As there was no further business the meeting was adjourned on a motion by Mr. Johnson, seconded by Mr. Dunn.

Respectfully Submitted,

Lawrence D. Benton
CEO

Attachment:

The following resolution was offered by Ms. Muratori, seconded by Mr. O’Conor, to wit:

Resolution No. 1-2013

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE BY SARATOGA COUNTY CAPITAL RESOURCE CORPORATION OF ITS TAX-EXEMPT REVENUE BONDS (THE SARATOGA HOSPITAL PROJECT), SERIES 2013A IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$25,000,000 AND THE EXECUTION OF RELATED DOCUMENTS.

WHEREAS, the Saratoga County Capital Resource Corporation (the “Issuer”) was created pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended (the “Enabling Act”), and pursuant to the provisions of the Enabling Act, Revenue Ruling 57-187, Private Letter Ruling 200936012, the Board of Supervisors of Saratoga County, New York (the “County”)

adopted a resolution (the "Sponsor Resolution") (A) authorizing the incorporation of the Issuer under the Enabling Act and (B) appointing the initial members of the board of directors of the Issuer. On November 13, 2012, a certificate of incorporation was filed with the New York Secretary of State's Office (the "Certificate of Incorporation") creating the Issuer as a public instrumentality of the County; and

WHEREAS, the Issuer is authorized and empowered by the provisions of the Enabling Act to relieve and reduce unemployment, promote and provide for additional and maximum employment, better and maintain job opportunities, and lessen the burdens of government and act in the public interest, and in carrying out the aforesaid purposes and in exercising the powers conferred in the Enabling Act, the Enabling Act declares that the Issuer will be performing essential governmental functions; and

WHEREAS, to accomplish its stated purposes, the Issuer is authorized and empowered under the Enabling Act to acquire real and personal property; to borrow money and issue negotiable bonds, notes and other obligations therefore; to lease, sell, mortgage or otherwise dispose of or encumber any of its real or personal property upon such terms as it may determine; and otherwise to carry out its corporate purposes in the territory in which the operations of the Issuer are principally to be conducted; and

WHEREAS, The Saratoga Hospital, a New York not-for-profit corporation (the "Institution"), presented an application (the "Application") to the Issuer, which Application requested that the Issuer consider undertaking a project (the "Initial Project") for the benefit of the Institution, said Initial Project to consist of the following: (A) the refunding of the County of Saratoga Industrial Development Agency's Civic Facility Revenue Refunding Bonds (The Saratoga Hospital Project), Series 2003 A in the Aggregate Principal Amount of \$14,385,000 (the "Series 2003A Bonds") issued on August 7, 2003, which Series 2003A Bonds were issued to finance the following project (the "Series 2003A Project"): (1) the refinancing of New York State Medical Care Facilities Finance Agency Saratoga Hospital Project Revenue Bonds, 1995 Series A in the original aggregate principal amount of \$14,150,000 (the "Refunded Bonds") issued by the New York State Medical Care Facilities Finance Agency, which Refunded Bonds refinanced two existing FHA insured taxable mortgage loans of the Company in the amount of approximately \$14.1 million (the "FHA Loans"), which FHA Loans were used to finance the expansion and renovation of certain of the Company's facilities; (2) the refinancing of certain other indebtedness of the Company incurred to finance the expansion and renovation of Company facilities (the "1997 Mortgage Note"); (3) the acquisition by the Issuer of an interest in certain items of fixtures, furnishings, machinery and equipment (collectively, the "Series 2003A Equipment") to be installed at the Saratoga Hospital campus (the "Series 2003A Facility") located at 211 Church Street in the City of Saratoga Springs, Saratoga County, New York (the "Series 2003A Land") (the Series 2003A Land, the Series 2003A Facility and the Series 2003A Equipment are hereinafter collectively referred to as the "Series 2003A Project Facility"); (B) the refunding of the County of Saratoga Industrial Development Agency's Civic Facility Revenue Bonds (The Saratoga Hospital Project), Series 2003 B-1 in the Aggregate Principal Amount of \$11,770,000 (the "Series 2003B-1 Bonds") issued on August 7, 2003, which Series 2003B-1 Bonds were issued to finance the following project: (1) the acquisition of an interest in a certain parcel or parcels of land comprising approximately 7 acres located at 3040 NYS Route 50 in the Town of Wilton, Saratoga County, New York (the "Series 2003B Land"), (2) the construction on the Series 2003B Land of the tax-

exempt portion of an approximately 42,500 square foot building to house hospital ambulatory services, including an ambulatory surgery center together with private physician offices (the "Series 2003B-1 Facility") and (3) the acquisition and installation in the Series 2003B-1 Facility of certain machinery and equipment (the "Series 2003B-1 Equipment" and together with the Series 2003B Land and the Series 2003B-1 Facility, the "Series 2003B-1 Project Facility"); (C) the refunding of the County of Saratoga Industrial Development Agency's Civic Facility Revenue Bonds (The Saratoga Hospital Project), Series 2004B in the Aggregate Principal Amount of \$1,080,000 (the "Series 2004B Bonds") issued on September 21, 2004, which Series 2004B Bonds were issued to finance the following project: (1) the acquisition of an interest in a certain parcel or parcels of land comprising approximately 7 acres located at 3040 NYS Route 50 North in the Town of Wilton, Saratoga County, New York (the "Series 2004B Land"), (2) the construction of improvements to the second floor of the approximately 42,500 square foot building located on the Series 2004B Land to house private physician offices (the "Series 2004B Facility") and (3) the acquisition and installation in the Series 2004B Facility of certain machinery and equipment (the "Series 2004B Equipment" and together with the Series 2004B Land and the Series 2004B Facility, the "Series 2004B Project Facility" and together with the Series 2003A Project Facility, and the Series 2003B-1 Project Facility, the "Initial Project Facility"); (D) the financing of all or a portion of the costs of the foregoing by the issuance of revenue bonds of the Issuer in one or more issues or Series in an aggregate principal amount sufficient to pay the cost of undertaking the Initial Project, together with necessary incidental costs in connection therewith, in an amount then estimated to be approximately \$25,000,000 (the "Obligations"); (E) paying a portion of the costs incidental to the issuance of the Obligations, including issuance costs of the Obligations and any reserve funds as may be necessary to secure the Obligations; and (F) the granting of potential exemptions from mortgage recording taxes; and

WHEREAS, in accordance with the requirements set forth in Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the directors of the Issuer (A) caused notice of the Public Hearing to be published in the *Daily Gazette*, a newspaper of general circulation available to the residents of Saratoga County, New York, (B) conducted the Public Hearing on January 3, 2013 at 3:30 o'clock p.m., local time at the Saratoga County Board of Supervisors Meeting Room, Saratoga County Municipal Center, 50 McMaster Street, Ballston Spa, New York and (C) prepared a report of the Public Hearing (the "Hearing Report") which fairly summarized the views presented at said Public Hearing and distributed same to the directors of the Issuer and to the Board of Supervisors; and

WHEREAS, the Issuer will issue its Tax-Exempt Revenue Bonds (The Saratoga Hospital Project), Series 2013A in the aggregate principal amount of not to exceed \$25,000,000 (the "Initial Bonds") under this resolution (the "Initial Bond Resolution"), and a trust indenture dated as of January 1, 2013 (the "Indenture") by and between the Issuer and US Bank National Association, as trustee (the "Trustee") for the holders of the Initial Bonds and any additional bonds issued by the Issuer under the Indenture (the "Additional Bonds," and collectively with the Initial Bonds, the "Bonds"); and

WHEREAS, prior to or simultaneously with the issuance of the Initial Bonds, the Issuer and the Institution will execute and deliver a loan agreement dated as of January 1, 2013 (the "Loan Agreement", and together with the Indenture, being collectively referred to as the "Financing Documents") by and between the Issuer, as lender, and the Institution, as borrower, pursuant to the terms of which Loan Agreement (A) the Issuer will agree (1) to issue the Initial Bonds, and (2) to make a loan to the Institution of the proceeds of the Initial Bonds (the "Loan") for the purpose of assisting in financing the Initial Project, and (B) in consideration of the Loan, the Institution will agree (1) to cause the Initial Project to be undertaken and completed, (2) to use the proceeds of the Loan disbursed under the Indenture to pay (or reimburse the Institution for the payment of) the costs of the Initial Project, and (3) to make payments sufficient in amount to pay when due all amounts due with respect to the Initial Bonds (the "Loan Payments") to or upon the order of the Issuer in repayment of the Loan, which Loan Payments shall include amounts equal to the Debt Service Payments due on the Initial Bonds; and

WHEREAS, as security for the Initial Bonds, the Issuer will execute and deliver to the Trustee a pledge and assignment dated as of January 1, 2013 (the "Pledge and Assignment") from the Issuer to the Trustee, and acknowledged by the Institution, which Pledge and Assignment will assign to the Trustee certain of the Issuer's rights under the Loan Agreement; and

WHEREAS, as further security for the Initial Bonds, the Institution executed a Master Trust Indenture (the "Master Indenture"), as supplemented by a Supplemental Master Indenture (the "Series 2013 Supplemental" and collectively with the Master Indenture, the "Initial Obligated Group Indenture"), each between the Institution, on behalf of itself and all other present and future members of an obligated group (the "Obligated Group"), and US Bank National Association, as master trustee (the "Master Trustee"), pursuant to which the Obligated Group has issued its Series 2013 Note (the "Initial Obligated Group Note") to secure the payment of the principal of, premium, if any, and interest on the Initial Bonds; and

WHEREAS, as additional security for the Initial Obligated Group Note and the Obligated Group Obligations, the Institution will execute and deliver to the Master Trustee (A) a mortgage and security agreement dated as of January 1, 2013 (the "Mortgage") from the Institution to the Master Trustee; and

WHEREAS, (A) the Initial Bonds will be initially purchased by Jefferies & Company, Inc., acting as underwriter for the Initial Bonds (the "Underwriter") pursuant to a bond purchase agreement (the "Initial Bond Purchase Agreement") by and among the Underwriter, the Issuer and the Institution, (B) the Institution will provide indemnification to the Issuer and the Underwriter relating to the issuance and sale of the Initial Bonds pursuant to a letter of representation (the "Initial Letter of Representation") by and among the Institution, the Issuer and the Underwriter, (C) the Underwriter will utilize a preliminary official statement (the "Initial Preliminary Official Statement") and a final official statement (the "Initial Official Statement," and, together with the Initial Preliminary Official Statement, being collectively referred to as the "Official Statements") in connection with the initial offering of the Initial Bonds, and (D) the Underwriter also intends to obtain a rating of the Initial Bonds from one or more securities rating agencies (each such rating agency that provides a rating of the Initial Bonds, a "Rating Agency"); and

WHEREAS, the Initial Bonds will be issued as “book-entry-only” obligations to be held by The Depository Trust Company, as depository (the “Depository”) for the Initial Bonds, and, to comply with the requirements of the Depository, the Issuer and the Trustee will execute and deliver to the Depository a letter of representations (the “Initial Depository Letter”) relating to the Initial Bonds; and

WHEREAS, to demonstrate compliance with the provisions of the Code relating to the issuance of tax-exempt obligations, (A) the Issuer will (1) execute an arbitrage certificate dated the date of delivery of the Initial Bonds (the “Initial Arbitrage Certificate”) relating to certain requirements set forth in Section 148 of the Code relating thereto, (2) execute a completed Internal Revenue Service Form 8038 (Information Return for Private Activity Bonds) relating to the Initial Bonds (the “Initial Information Return”) pursuant to Section 149(e) of the Code, and (3) file the Initial Information Return with the Internal Revenue Service, (B) the Institution will execute a tax regulatory agreement dated the date of delivery of the Initial Bonds (the “Initial Tax Regulatory Agreement”) relating to the requirements in Sections 145, 146, 147, 148 and 149 of the Code and (C) the Underwriter will execute a letter (the “Issue Price Letter”) confirming the issue price of the Initial Bonds for purposes of Section 148 of the Code; and

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF SARATOGA COUNTY CAPITAL RESOURCE CORPORATION AS FOLLOWS:

Section 1. The Issuer hereby finds and determines that:

(A) By virtue of the Certificate of Incorporation and the Enabling Act, the Issuer has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Enabling Act and to exercise all powers granted to it under the Enabling Act; and

(B) The refinancing of the Initial Project Facility with the proceeds of the Loan to the Institution will relieve and reduce unemployment, promote and provide for additional and maximum employment and better and maintain job opportunities, and thereby lessen the burdens of government; and

(C) It is desirable and in the public interest for the Issuer to issue and sell its Initial Bonds upon the terms and conditions determined by the Chairperson, Vice Chairperson or Chief Executive Officer of the Issuer once the marketing of the Initial Bonds is completed and the Institution has agreed to the terms of such issuance and sale.

Section 2. In consequence of the foregoing, the Issuer hereby determines to: (A) issue the Initial Bonds on the terms and conditions set forth in the Indenture and the Initial Bond Purchase Agreement, (B) sell the Initial Bonds to the initial purchasers thereof pursuant to the terms set forth in the Indenture and the Initial Bond Purchase Agreement, (C) use the proceeds of the Initial Bonds to make the Loan to the Institution for the purpose of financing portion of the costs of issuance of the Initial Bonds and a portion of the costs of the Initial Project, (D) secure the Initial Bonds by assigning to the Trustee,

pursuant to the Pledge and Assignment, certain of the Issuer's rights under the Loan Agreement, including the right to collect and receive certain amounts payable thereunder, (E) further secure the Initial Obligated Group Note and certain additional obligations under the Master Trust Indenture by granting to the Master Trustee a first priority lien on the Initial Project Facility pursuant to the Mortgage, (F) execute the Initial Arbitrage Certificate and the Information Return with respect to the Initial Bonds, (G) file the Information Return with the IRS and (H) authorize the use of the Official Statements in connection with the sale of the Initial Bonds.

Section 3. The form and substance of the Loan Agreement, the Indenture, the Initial Bonds, the Pledge and Assignment, the Initial Bond Purchase Agreement, the Initial Arbitrage Certificate, the Initial Information Return, the Depository Letter and any documents necessary and incidental thereto including, but not limited to, any documents approved by counsel to the Issuer (collectively, the "Issuer Documents") are hereby approved.

Section 4. The Issuer is hereby authorized to issue, execute, sell and deliver to the Trustee for authentication its Initial Bonds in the principal amount of not to exceed \$25,000,000 in the form heretofore approved in Section 4 of this Initial Bond Resolution or so much as necessary to finance the Costs of the Initial Project, in the form and in the amount and containing the other provisions determined by the Chairperson, Vice Chairperson or Chief Executive Officer of the Issuer in the Certificate of Determination, and upon authentication thereof the Trustee is hereby authorized to deliver said Initial Bonds to the Underwriter against receipt of the purchase price thereof, all pursuant to the Enabling Act and in accordance with the provisions of the Indenture, this Initial Bond Resolution and the Initial Bond Purchase Agreement, provided that:

(A) The Initial Bonds authorized to be issued, executed, sold and delivered pursuant to this Section 4 shall (1) be issued, executed and delivered at such time as the Chairperson, Vice Chairperson or Chief Executive Officer of the Issuer shall determine, and (2) bear interest at the rate or rates, be issued in such form, be subject to redemption prior to maturity and have such other terms and provisions and be issued in such manner and on such conditions as are set forth in the Initial Bonds, the Indenture and the Certificate of Determination, or as are hereinafter approved by the Chairperson, Vice Chairperson or Chief Executive Officer of the Issuer in accordance with Section 5 hereof, which terms are specifically incorporated herein by reference with the same force and effect as if fully set forth in this Bond Resolution.

(B) The Initial Bonds shall be issued solely for the purpose of providing funds to finance (1) the costs of making the Loan for the purpose of financing a portion of the costs of the Initial Project as described in the Issuer Documents, and (2) a portion of the administrative, legal, financial and other expenses of the Issuer in connection with the Loan and the Initial Project and incidental to the issuance of the Initial Bonds.

(C) Neither the member, directors nor officers of the Issuer, nor any person executing the Initial Bonds or any of the Issuer Documents on behalf of the Issuer, shall be liable thereon or be subject to any personal liability or accountability by reason of the execution,

issuance or delivery thereof. The Initial Bonds and the interest thereon are not and shall never be a debt of the State of New York, or Saratoga County, New York or any political subdivision thereof, and neither the State of New York, or Saratoga County, New York nor any political subdivision thereof shall be liable thereon.

(D) The Initial Bonds, together with interest payable thereon, shall be special obligations of the Issuer payable solely from certain of the revenues and receipts derived from repayment of the Loan or from the enforcement of the security provided by the Financing Documents and the other security pledged to the payment thereof.

(E) Notwithstanding any other provision of this Initial Bond Resolution, the Issuer covenants that it will make no use of the proceeds of the Initial Bonds or of any other funds of the Issuer (other than the Issuer's administrative fees) which, if said use had been reasonably expected on the date of issuance of the Initial Bonds, would have caused any of the Initial Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code.

Section 5. (A) The Chairperson (or Vice Chairperson) of the Issuer is hereby authorized, on behalf of the Issuer, to execute and deliver the Issuer Documents and, where appropriate, the Secretary (or Assistant Secretary) of the Issuer is hereby authorized to affix the seal of the Issuer thereto and to attest the same, all in substantially the forms thereof presented to this meeting, with such changes, variations, omissions and insertions as the Chairperson (or Vice Chairperson) shall approve, the execution thereof by the Chairperson (or Vice Chairperson) to constitute conclusive evidence of such approval.

(B) The Chairperson (or Vice Chairperson) of the Issuer is hereby further authorized, on behalf of the Issuer, to designate any additional Authorized Representatives of the Issuer (as defined in and pursuant to the Loan Agreement).

(C) The Chairperson (or Vice Chairperson) of the Issuer is hereby further authorized to execute any documentation requested by the Underwriter to indicate the Issuer's approval of the Official Statements.

Section 6. Pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act") and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York, being 6NYCRR Part 617, as amended (the "Regulations" and collectively with the SEQR Act, "SEQRA"), the Issuer determines that the Initial Project constitutes a "Type II action" (as such quoted term is defined under SEQRA), and therefore no further action with respect to the Initial Project is required under SEQRA with respect to the Initial Project.

Section 7. The officers, employees and agents of the Issuer are hereby authorized and directed for and in the name and on behalf of the Issuer to do all acts and things required or provided for by the provisions of the Issuer Documents, and to execute and deliver all such additional 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 this Initial Bond Resolution and to cause compliance by the Issuer with all of the terms, covenants and provisions of the Issuer Documents binding upon the Issuer.

Section 8. This Initial Bond Resolution shall take effect immediately and the Initial Bonds are hereby ordered to be issued in accordance with this Initial Bond Resolution.

The question of the adoption of the foregoing Initial Bond Resolution was duly put to a vote on roll call, which resulted as follows:

Anita Daly	VOTING	<u>AYE</u>
Arthur Johnson	VOTING	<u>AYE</u>
Raymond O'Connor	VOTING	<u>AYE</u>
Richard Dunn	VOTING	<u>AYE</u>
Paul Loomis	VOTING	<u>AYE</u>
Valerie Muratori	VOTING	<u>AYE</u>
Eugene Zeltmann	VOTING	<u>AYE</u>

The foregoing Initial Bond Resolution was thereupon declared duly adopted.