

A special meeting of County of Cattaraugus Industrial Development Agency (the "Issuer") was convened in public session at the offices of Issuer located at 3 East Washington Street in the Village of Ellicottville, Cattaraugus County, New York on June 27, 2003, at 11:15 o'clock a.m., local time.

The meeting was called to order by the (Vice) Chairman and, upon roll being called, the following members of the Issuer were:

PRESENT:

Robert G. Potter	Chairman
James M. Norton	First Vice Chairman
Joseph E. Higgins	Second Vice Chairman
Joseph K. Eade	Secretary/Treasurer
Salvatore Marranca	Member
Donald E. Furman	Member
James Stitt	Member

EXCUSED:

ISSUER STAFF PRESENT:

Norman P. Leyh	Executive Director and Assistant Secretary
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The following resolution was offered by Mr. Marranca, seconded by Mr. Eade, to wit:

Resolution No. _____

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE BY COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY OF ITS TAX-EXEMPT CIVIC FACILITY REVENUE BOND (CATTARAUGUS COUNTY REHABILITATION FUND, INC. PROJECT), SERIES 2003A IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ONE MILLION SEVEN HUNDRED SIX THOUSAND DOLLARS (\$1,706,000) AND THE EXECUTION OF VARIOUS DOCUMENTS RELATED THERETO.

WHEREAS, County of Cattaraugus Industrial Development Agency (the "Issuer") is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 536 of the 1971 Laws of New York, as amended, constituting Section 890-b of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote,

develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of civic facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Issuer is authorized and empowered under the Act to issue its industrial development revenue bonds to finance the cost of the acquisition, construction and installation of one or more "projects" (as defined in the Act), to acquire, construct, reconstruct and install said projects or to cause said projects to be acquired, constructed, reconstructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, pursuant to an application, including a cost benefit analysis (the "Application") submitted to the Issuer by Cattaraugus County Rehabilitation Fund, Inc., a not-for-profit corporation (the "Company"), the members of the Issuer, on June 27, 2003, adopted a resolution (the "Inducement Resolution") whereby the Issuer agreed, subject to numerous conditions, to consider undertaking a project (the "Project") consisting of the following: (A)(1) the acquisition of an interest in a parcel of land located at 1439 Buffalo Street in the City of Olean, Cattaraugus County, New York (the "Olean Land"), together with an existing building complex located thereon containing approximately 7,500 square feet of space (the "Existing Facility"), (2) the renovation of the Existing Facility and the construction of an approximately 7,000 square foot addition to the Existing Facility (the "Addition") (the Existing Facility and the Addition being collectively referred to as the "Olean Facility"), (3) the acquisition and installation therein and thereon of certain machinery and equipment (the "Olean Equipment") (the Olean Land, the Olean Facility and the Olean Equipment being collectively referred to as the "Olean Project Facility"), (4) the acquisition of an interest in certain parcels of land located at (a) 65 South Avenue in the City of Salamanca and (b) 338 North 15th Street in the City of Olean, Cattaraugus County, New York (collectively, the "Refinanced Land")(the Olean Land and the Refinanced Land being collectively referred to as the "Land"), together with the buildings and other improvements located on the Refinanced Land (the "Refinanced Facility") (the Olean Facility and the Refinanced Facility being collectively referred to as the "Facility") and the equipment located in the Refinanced Facility and on the Refinanced Land (the "Refinanced Equipment") (the Olean Equipment and the Refinanced Equipment being collectively referred to as the "Equipment") (the Refinanced Land, the Refinanced Facility and the Refinanced Equipment being collectively referred to as the "Refinanced Project Facility") financed with the proceeds of certain existing indebtedness incurred by the Company, all of the foregoing to constitute the acquisition, construction and refinancing of day habilitative facilities to be leased by the Company to Cattaraugus Rehabilitation Center, Inc. and NYSARC, Inc., Cattaraugus County Chapter (collectively, the "Tenant") to be used by the Tenant to provide services to the developmentally disabled and support services related thereto (the Olean Project Facility and the Refinanced Project Facility being collectively referred to as the "Project Facility"); (B) the financing of all or a portion of the costs of the foregoing by the issuance of taxable and/or tax-exempt revenue bonds of the Issuer in one or more issues or series in an

aggregate principal amount of approximately \$1,750,000 (the "bonds"); (C) the granting of certain other "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from real estate transfer taxes and mortgage recording taxes (collectively with the bonds, the "Financial Assistance"); and (D) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Issuer; and

WHEREAS, 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 (the "Regulations") adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, "SEQRA"), by resolution adopted by the members of the Issuer on May 13, 2003 (the "Preliminary SEQR Resolution"), the Issuer (A) determined (1) that the Project involves more than one "involved agency", and (2) to investigate the advisability of undertaking a coordinated review with respect to the Project, and (B) authorized the Executive Director of the Issuer to contact all other "involved agencies" for the purpose of ascertaining whether such "involved agencies" were interested in undertaking a coordinated review of the Project and, if so, designating a "lead agency" with respect to the Project (as such quoted terms are defined in SEQRA); and

WHEREAS, pursuant to the authorization contained in the resolution adopted by the members of the Issuer on May 13, 2003 (the "Public Hearing Resolution"), the Executive Director of the Issuer (A) caused notice of a public hearing of the Issuer (the "Public Hearing") pursuant to Section 859-a(2) of the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), to hear all persons interested in the Project and the financial assistance being contemplated by the Issuer with respect to the Project, to be mailed on May 16, 2003 to the chief executive officers of the county and of each city, town, village and school district in which the Project is to be located, (B) caused notice of the Public Hearing to be published on May 17, 2003 in The Times Herald, a newspaper of general circulation available to the residents of Cattaraugus County, (C) conducted the Public Hearing on June 18, 2003 at 10:00 o'clock a.m., local time at The Municipal Building-City Hall, Room #119 in the City of Olean, Cattaraugus County, New York, and (D) prepared a report of the Public Hearing (the "Report") which fairly summarized the views presented at said public hearing and distributed same to the members of the Issuer and to the County Legislature of the Cattaraugus County, New York (the "County Legislature"); and

WHEREAS, by further resolution adopted by the members of the Issuer on June 27, 2003 (the "Final SEQR Resolution"), the Issuer (A)(1) concurred in the determination that the City of Olean Planning Board is the "lead agency" (the "Planning Board") with respect to SEQRA with respect to the Olean Project Facility and (2) acknowledged receipt of a negative declaration from the Planning Board dated June 4, 2003 (the "Negative Declaration"), in which the Planning Board determined that the Olean Project Facility will not have a "significant impact on the environment" (as such quoted terms are defined in SEQRA) and (B) determined that the Refinanced Project Facility a "Type II action" and, therefore, that no further action pursuant to SEQRA is required with respect to the Refinanced Project Facility;

WHEREAS, by resolution adopted by the County Legislature on June 25, 2003 (the "Public Approval"), the County Legislature approved the issuance of the bonds by the Issuer for the purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Issuer now proposes to issue its Tax-Exempt Civic Facility Revenue Bond (Cattaraugus County Rehabilitation Fund, Inc. Project), Series 2003A in the principal amount of not to exceed \$1,706,000 (the "Bond") for the purpose of providing funds to pay the costs of the Project; and

WHEREAS, the Bond is to be issued under this Bond Resolution and a bond purchase and building loan agreement dated as of July 1, 2003 (the "Bond Purchase Agreement") by and among the Issuer, the Company and Community Bank, N.A., as original purchaser of the Bond (the "Holder"); and

WHEREAS, pursuant to the Bond Purchase Agreement, the Holder will advance the proceeds of the Bond to the Company from time to time to pay the costs of the Project, but only upon satisfaction of the requirements set forth in an installment sale agreement dated as of July 1, 2003 (the "Installment Sale Agreement") by and between the Issuer and the Company and the Bond Purchase Agreement for making such disbursements; and

WHEREAS, pursuant to the Installment Sale Agreement, (A) the Company will agree (1) to cause the Project to be undertaken and completed, (2) as agent of the Issuer, to undertake and complete the Project, (3) to purchase the Project Facility from the Issuer, and (4) to make certain installment purchase payments to or upon the order of the Issuer as the purchase price for the Project Facility and (B) the Issuer will agree (1) to sell the Project Facility to the Company and (2) to grant to the Company certain options to acquire title to the Project Facility; and

WHEREAS, simultaneously with the issuance of the Bond, (A) the Company and the Issuer will execute and deliver a certain lease agreement dated July 1, 2003 (the "Underlying Lease"), pursuant to which the Company has agreed to lease the Olean Land and the Olean Facility to the Issuer for a term ending on the completion of the Olean Project Facility, (B) the Company will execute and deliver (1) a certain license agreement dated as of July 1, 2003 (the "License Agreement") by and between the Company, as licensor, and the Issuer, as licensee, pursuant to which the Company will grant to the Issuer a license to enter upon the Project Facility, in the event of an occurrence of an Event of Default, for the purpose of pursuing its remedies under the Installment Sale Agreement and (2) a bill of sale to issuer dated as of July 1, 2003 (the "Bill of Sale to Issuer") from the Company to the Issuer, pursuant to which the Company will convey to the Issuer its interest in the portion of the Project Facility constituting fixtures and other personal property; and

WHEREAS, to secure the Bond, the Issuer will execute and deliver to the Holder a pledge and assignment dated as of July 1, 2003 (the "Pledge and Assignment") from the Issuer to the Holder and acknowledged by the Company, which Pledge and Assignment assigns to the Holder certain of the Issuer's rights under the Installment Sale Agreement; and

WHEREAS, to further secure the Bond, the Company and the Issuer will execute and deliver to the Holder (A) a mortgage dated as of July 1, 2003 (the "Mortgage"), which Mortgage grants to the Holder a lien on and security interest in the Olean Project Facility and (B) an assignment of leases and rents dated as of July 1, 2003 (the "Assignment of Rents"), which Assignment of Rents assigns to the Holder all interest of the Issuer and the Company in all leases affecting the Olean Project Facility and the rents payable thereunder; and

WHEREAS, the (A) Company's obligation (1) to make all installment purchase payments under the Installment Sale Agreement and (2) to perform all obligations related thereto and (B) Issuer's obligation to repay the Bond will be further secured by a guaranty dated as of July 1, 2003 (the "Guaranty") from the Company and Cattaraugus Rehabilitation Center, Inc. (the "Corporate Guarantor") to the Holder; and

WHEREAS, since the Company intends to file for an exemption under Section 420 of the Real Property Tax Law of the State of New York (the "Real Property Tax Law") with respect to the Project, no New York State Board of Real Property Services Form RP-412-a (the form required to be filed by the Issuer in order for the Issuer to obtain a real property tax exemption with respect to the Project under Section 412-a of the Real Property Tax Law) (a "Real Property Tax Exemption Form") will be filed by the Issuer with respect to the Project; 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 Bond (the "Arbitrage Certificate") relating to certain requirements set forth in Section 148 of the Code relating to the Bond, (2) execute a completed Internal Revenue Service ("IRS") Form 8038 (Information Return for Private Activity Bond) relating to the Bond ("Form 8038") pursuant to Section 149(e) of the Code, (3) file the Form 8038 with the IRS and (4) execute a certificate of designation (the "Certificate of Designation") designating the Bond as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code and (B) the Company will execute a tax regulatory agreement dated the date of delivery of the Bond (the "Tax Regulatory Agreement") relating to the requirements in Sections 145, 147, 148 and 149 of the Code relating to the Bond;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. The Issuer hereby finds and determines that:

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

(B) The Project constitutes a "project," as such term is defined in the Act; and

(C) The undertaking and completion of the Project Facility and the sale of the Project Facility on an installment basis to the Company will promote and maintain the job opportunities, general prosperity and economic welfare of the citizens of Cattaraugus County, New York and the State of New York and improve their standard of living; and

(D) It is desirable and in the public interest for the Issuer to issue and sell its Bond in the principal amount of not to exceed One Million Seven Hundred Six Thousand Dollars (\$1,706,000) upon the terms and conditions set forth in the Bond Purchase Agreement for the purpose of financing a portion of the costs of the undertaking and completion of the Project, together with necessary incidental expenses in connection therewith.

Section 2. In consequence of the foregoing, the Issuer hereby determines to (A) issue the Bond on the terms and conditions set forth in the Bond Purchase Agreement, (B) sell the Bond to the Holder pursuant to the Bond Purchase Agreement, (C) use the proceeds of the Bond to pay a portion of the costs of issuance of the Bond and a portion of the costs of the acquisition, construction and installation of the Project Facility, (D) sell the Project Facility on an installment basis to the Company pursuant to the Installment Sale Agreement, (E) secure the Bond by assigning to the Holder pursuant to the Pledge and Assignment certain of the Issuer's rights under the Installment Sale Agreement (except the Unassigned Rights, as defined therein), including the right to collect and receive amounts payable thereunder (except for amounts payable pursuant to the Unassigned Rights), (F) further secure the Bond by granting to the Holder a mortgage lien on and security interest in the Olean Project Facility pursuant to the Mortgage, (G) further secure the Bond by assigning to the Holder all interest of the Issuer and the Company in all leases affecting the Olean Project Facility, (H) execute the Arbitrage Certificate, (I) execute the Certificate of Designation, and (J) file the Form 8038 with the IRS.

Section 3. The Issuer is hereby authorized to acquire an interest in the Project Facility pursuant to the Underlying Lease, the License Agreement and the Bill of Sale to Issuer (collectively, the "Conveyance Documents") and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Issuer with respect to such acquisition and grant are hereby approved, ratified and confirmed.

Section 4. The form and substance of the Conveyance Documents, the Bond, the Installment Sale Agreement, the Bond Purchase Agreement, the Pledge and Assignment, the Mortgage, the Assignment of Rents, the Arbitrage Certificate, the Certificate of Designation and the Form 8038 (collectively, the "Issuer Documents") are hereby approved.

Section 5. The Issuer is hereby authorized to issue, execute, sell and deliver to the Holder its Bond in the principal amount of not to exceed One Million Seven Hundred Six Thousand Dollars (\$1,706,000) in the form heretofore approved in Section 4 of this Bond Resolution upon compliance with the provisions of the Bond Purchase Agreement, provided that:

(A) The Bond authorized to be issued, executed, sold and delivered pursuant to this Section 5 shall (1) be issued, executed and delivered at such time as the Chairman (or Vice Chairman) 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 Bond and in the Bond Purchase Agreement, 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 Bond shall be issued solely for the purpose of providing funds to finance a portion of the costs of the undertaking and completion of the Project Facility and a portion of the administrative, legal, financial and other expenses of the Issuer in connection with the undertaking and completion of the Project Facility and incidental to the issuance of the Bond.

(C) Neither the members nor officers of the Issuer, nor any person executing the Bond or any of the Financing Documents (as hereinafter defined) 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 Bond and the interest thereon are not and shall never be a debt of the State of New York, Cattaraugus County, New York or any political subdivision thereof (other than the Issuer), and neither the State of New York, Cattaraugus County, New York nor any political subdivision thereof (other than the Issuer) shall be liable thereon.

(D) The Bond, together with interest payable thereon, shall be a special obligation of the Issuer payable solely from certain of the revenues and receipts derived from the sale or other disposition of the Project Facility or from the enforcement of the security provided by the Financing Documents (as hereinafter defined) and the Guaranty and the other security pledged to the payment thereof.

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

Section 6. (A) The Chairman (or Vice Chairman) of the Issuer is hereby authorized, on behalf of the Issuer, to execute and deliver the Issuer Documents and the other documents to be executed by the Issuer in connection therewith (collectively with the Issuer Documents, the "Financing 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 Chairman (or Vice Chairman) shall approve, the execution thereof by the Chairman (or Vice Chairman) to constitute conclusive evidence of such approval.

(B) The Chairman (or Vice Chairman) 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 Installment Sale Agreement).

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 Financing 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 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 8. This Bond Resolution shall take effect immediately and the Bond is hereby ordered to be issued in accordance with this Bond Resolution.

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

Robert G. Potter	VOTING	<u>Yes</u>
James M. Norton	VOTING	<u>Yes</u>
Joseph E. Higgins	VOTING	<u>Excused</u>
Joseph K. Eade	VOTING	<u>Yes</u>
Salvatore Marranca	VOTING	<u>Yes</u>
Donald E. Furman	VOTING	<u>Excused</u>
James Stitt	VOTING	<u>Excused</u>

The foregoing Resolution was thereupon declared duly adopted.

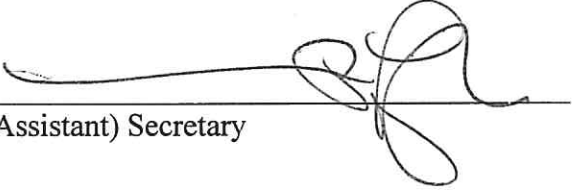
STATE OF NEW YORK)
) SS.:
COUNTY OF CATTARAUGUS)

I, the undersigned (Assistant) Secretary of County of Cattaraugus Industrial Development Agency (the "Issuer"), do hereby certify that I have compared the foregoing extract of the minutes of the meeting of the members of the Issuer, including the Resolution contained therein, held on June 27, 2003 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 Issuer 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 27th day of June, 2003.



(Assistant) Secretary

(SEAL)

**COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY
TAX-EXEMPT CIVIC FACILITY REVENUE BOND
(CATTARAUGUS COUNTY REHABILITATION FUND, INC. PROJECT), SERIES 2003A
IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,706,000**

I. PROJECT IDENTIFICATION.

The Project consists of the following:

1. **Project Applicant:** Cattaraugus County Rehabilitation Fund, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (the "Company").
2. **The Project:**
 - (A) **Description of the Olean Project Facility:** (1) the acquisition of an interest in a parcel of land located at 1439 Buffalo Street in the City of Olean, Cattaraugus County, New York (the "Olean Land"), together with an existing building complex located thereon containing approximately 7,500 square feet of space (the "Existing Facility"), (2) the renovation of the Existing Facility and the construction of an approximately 7,000 square foot addition to the Existing Facility (the "Addition") (the Existing Facility and the Addition being collectively referred to as the "Olean Facility"), (3) the acquisition and installation therein and thereon of certain machinery and equipment (the "Olean Equipment") (the Olean Land, the Olean Facility and the Olean Equipment being collectively referred to as the "Olean Project Facility") pursuant to a lease agreement dated as of July 1, 2003 (the "Underlying Lease") by and between the Company, as landlord, and the Agency, as tenant and a certain license agreement dated as of July 1, 2003 (the "License Agreement") by and between the Company, as licensor, and the Agency, as licensee.
 - (B) **Description of Refinanced Project Facility:** the acquisition of an interest in certain parcels of land located at (a) 65 South Avenue in the City of Salamanca and (b) 338 North 15th Street in the City of Olean, Cattaraugus County, New York (collectively, the "Refinanced Land")(the Olean Land and the Refinanced Land being collectively referred to as the "Land"), together with the buildings and other improvements located on the Refinanced Land (the "Refinanced Facility") (the Olean Facility and the Refinanced Facility being collectively referred to as the "Facility") and the equipment located in the Refinanced Facility and on the Refinanced Land (the "Refinanced Equipment") (the Olean Equipment and the Refinanced Equipment being collectively referred to as the "Equipment") (the Refinanced Land, the Refinanced Facility and the Refinanced Equipment being collectively referred to as the "Refinanced Project Facility") pursuant to the License Agreement.
 - (C) **Disposition of the Project Facility:** Upon completion, the Olean Project Facility and the Refinanced Project Facility (being collectively referred to as the "Project Facility") will be sold by the Agency to the Company. The Company will lease the Project Facility to Cattaraugus Rehabilitation Center, Inc. and NYSARC, Inc., Cattaraugus County Chapter (collectively, the "Tenant") to be used by the Tenant to provide services to the developmentally disabled and support services related thereto.

II. PRIOR ACTION ON PROJECT.

1. **SEQR Compliance:**

- (A) SEQR Classification of the Olean Project Facility: Unlisted Action.
- (B) SEQR Lead Agency: City of Olean Planning Board.
- (C) Date of Lead Agency Action: June 4, 2003.
- (D) SEQR Classification of the Refinanced Project Facility: Type II.
- (E) Date of Agency Action of Refinanced Project Facility: June 27, 2003

2. **Inducement Proceedings:**

- (A) Public Hearing:
 - (1) Date Notice Published: May 17, 2003
 - (2) Date Notice Mailed to Affected Tax Jurisdictions: May 16, 2003
 - (3) Bond Amount Advertised: \$1,750,000.
 - (4) Date of Public Hearing: June 18, 2003
- (C) Inducement Resolution: adopted on June 27, 2003
- (D) Public Approval by County Legislature: June 25, 2003

III. DETAILS OF PROPOSED BOND TRANSACTION:

- 1. **Relationship of Agency to Company:** The Company, as agent of the Agency, will acquire, construct and install the Project Facility, and the Agency will sell the completed Project Facility to the Company, all pursuant to an installment sale agreement dated as of July 1, 2003 (the "Installment Sale Agreement").
- 2. **Business Terms:**
 - (A) Payments in Lieu of Taxes: The Installment Sale Agreement will require that the Company pay normal taxes with respect to the Project Facility, and the Agency will NOT file a real property tax exemption form with respect to the Project Facility. However, since the Company is a 501(c)(3) entity, the normal taxes that the Company would pay with respect to the Project Facility will be nothing.
 - (B) Agency fee: \$17,060.
- 3. **Details of the Bond Issue:**
 - (A) Amount of proposed Bond: not to exceed \$1,706,000 issued under a bond purchase and building loan agreement dated as of July 1, 2003 (the "Bond Purchase Agreement") by and between the Agency, the Company and Community Bank, N.A., as original purchaser and holder of the Bond (the "Holder").
 - (B) Bond Purchaser: The Bond will be purchased by the Holder.
 - (C) Will the Bond be Remarketed? No resale of the Bond is presently contemplated.
 - (D) Maturity Date: The Bond will mature on the first Business Day occurring twenty (20) years following the commencement of the Permanent Period (the period beginning on the day following the end of the Construction Period [means (A) beginning on the Closing Date and (B) ending on the earlier to occur of (1) eight (8) months after the Closing Date or (2) the Completion Date] and ending on the Maturity Date).
 - (E) Interest (Bond Rate):
 - (1) (A) Prior to the occurrence of an Event of Taxability and prior to the Adjustment Date (means the ten (10) year anniversary of the Closing Date, on which the Tax-Exempt Rate will be adjusted to the Subsequent Rate) and during the Construction Period, the Floating Rate {means a floating rate of interest per annum equal to, on a particular

date, the sum of (A) the National Prime Rate in effect on such date plus (B) one-half percent (.50%). The Floating Rate and the components thereof shall be calculated on the basis of the actual number of days elapsed over a year of 360 days}, (B) prior to the occurrence of an Event of Taxability and prior to the Adjustment Date and during the Permanent Period, the Tax-Exempt Rate {means a per annum rate of interest equal to four and one-quarter percent (4.25%), calculated on the basis of the actual number of days elapsed over a year of 360 days}, (C) prior to the occurrence of an Event of Taxability and after the Adjustment Date, the Subsequent Rate {means, with respect to a particular Adjustment Date, a per annum rate of interest, as computed on the appropriate Adjustment Date, equal to the Federal Home Loan Bank of New York (or its equivalent) ten year advance rate plus 250 basis points, to be adjusted to the Community Bank, N.A, Tax-Exempt Equivalent Rate, if applicable on the Adjustment Date} and (D) subsequent to the occurrence of an Event of Taxability, the Taxable Rate {means a per annum rate of interest equal to the Federal Home Loan Bank of New York (or its equivalent) ten year advance rate plus 250 basis point}. At any time that the interest rate on the Bond is subject to change, the Holder shall inform the Company of the monthly payments to be due on the Bond on or after the effective date of such change in interest rate, based upon the new interest rate on the Bond.

(F) Payment of the Bond:

(1) Principal and interest on the Bond shall be payable as follows:

(a) Interest on the unpaid Principal Balance of the Bond shall accrue at a rate equal to the Bond Rate for the period commencing on the Closing Date of the Bond and ending on the date that the Bond is paid in full.

(b) All interest accruing hereunder shall be due and shall be payable, in arrears, commencing one month immediately following the calendar month in which the Closing Date occurs and continuing on the same day of each month thereafter until the expiration of the Construction Period. During the Construction Period, interest only on the advances made pursuant to the Bond Purchase Agreement shall be due and payable as aforesaid.

(c) Thereafter, commencing on the same day of the first month following the expiration of the Construction Period and on the same day of each calendar month thereafter until the Bond is paid in full, the Agency will pay monthly installments of principal and interest on the Bond, each such monthly payment of principal and interest to be in an amount sufficient to fully amortize the Principal Balance over a term of twenty (20) years at an interest rate equal to the Bond Rate. Upon any change in the Bond Rate, the Holder shall inform the Company of the change in the monthly payments to be due on the Bond, based upon such change in the Bond Rate on such date. Such payments shall be applied first to the payment of unpaid interest due hereon and then to the payment of the unpaid Principal Balance of the Bond.

(d) Notwithstanding anything herein to the contrary, on the Maturity Date of the Bond, an amount equal to the entire unpaid Principal Balance of the Bond, together with any accrued but unpaid interest thereon, shall become due and payable on the Bond.

(2) Interest shall be payable on the basis of a 360 day year for the actual number of days elapsed. In the event of an occurrence of Event of Taxability, (1) the Bond Rate on the Bond shall be the Taxable Rate and (2) the amounts set forth in Section 505(A) of the Bond Purchase Agreement shall be immediately due and payable.

(3) In the event any payment related to the Bond or of principal or interest due on the Bond shall not be received by the Holder for a period of ten (10) days including and after the date when due, the Agency shall pay the Holder a late payment charge in an amount equal to five percent (5%) of any such overdue payment.

(G) Redemption of the Bond:

- (1) The Bond may be prepaid, in whole or in part, upon ten (10) days prior written notice to the Holder, on any date prior to the Maturity Date at the option of the Agency upon the direction of the Company, without premium or penalty.
- (2) Notwithstanding the provisions of Section G above, if the Bond is refinanced with an entity other than the Holder, the Agency shall pay to the Holder a prepayment premium equal to (1) five percent (5%) of the outstanding Principal Balance if refinanced during the first and second years of the Permanent Period, (2) four percent (4%) of the outstanding Principal Balance if refinanced during the third and fourth years of the Permanent Period, (3) three percent (3%) of the outstanding Principal Balance if refinanced during the fifth and sixth years of the Permanent Period, (4) two percent (2%) of the outstanding Principal Balance if refinanced during the seventh year of the Permanent Period and (5) one percent (1%) of the outstanding Principal Balance if refinanced during the eighth year of the Permanent Period.
- (3) The Bond shall be subject to mandatory prepayment at the option of the Holder, in whole, at a prepayment price equal to one hundred percent (100%) of the principal amount hereof plus accrued interest to the date of such prepayment, in the event that the Project Facility is conveyed, transferred, leased or sold and leased back (except as contemplated in this transaction), or substantially abandoned for use by the Company or its affiliates.
- (4) The Bond shall be subject to mandatory prepayment, in whole or in part, at a prepayment price equal to one hundred percent (100%) of the principal amount so prepaid plus accrued interest thereon to the date of such prepayment, in the event that (1) there are any Net Proceeds of amounts received from or on behalf of contractors, subcontractors or materialmen, as provided in the Installment Sale Agreement, or (2) there are any moneys remaining in the Insurance and Condemnation Fund after payment of all costs of restoring the Project Facility as provided in Section 406(G) of the Bond Purchase Agreement.
- (5) The Bond shall also be subject to prepayment at the option of the Holder ten (10) years from the Closing Date.
- (6) The Bond shall also be subject to mandatory prepayment, in whole, at the option of the Holder, at a prepayment price equal to one hundred percent (100%) of the outstanding Principal Balance of the Bond, together with accrued interest to the date of prepayment, upon the occurrence of an Event of Taxability.
- (7) Any partial prepayment shall be applied to the unpaid principal installments due on the Bond in inverse order of maturity. No partial prepayment of the Bond shall alter the amount of the periodic installments due pursuant to the Bond.

4. Security for the Bond:

- (A) A mortgage dated as of July 1, 2003 (the "Mortgage") from the Company and the Agency to the Holder.
- (B) A pledge and assignment dated as of July 1, 2003 (the "Pledge and Assignment") of certain of the Agency's rights under the Installment Sale Agreement (except the Unassigned Rights, as defined therein).
- (C) An assignment of leases and rents dated as of July 1, 2003 (the "Assignment of Rents") from the Company and the Agency to the Holder.
- (D) A guaranty dated as of July 1, 2003 (the "Guaranty") from the Company and Cattaraugus Rehabilitation Center, Inc. to the Holder.

5. Bond Documents:

- (A) Bond Purchase Agreement by and among the Agency, the Company and the Holder.
- (B) Installment Sale Agreement by and between the Agency and the Company.
- (C) Mortgage from the Agency and the Company to the Holder.

- (D) Pledge and Assignment from the Agency to the Holder and acknowledged by the Company.
- (E) Assignment of Rents from the Agency and the Company to the Holder.
- (F) Guaranty from the Company to the Holder.

6. **Closing Date:** July __, 2003.

7. **Bond Counsel:** Hodgson Russ LLP, Albany, New York

CCIDA Cost/Benefit Analysis for Cattaraugus County Rehab. Fund, Inc. Project

	Cost	Benefits
<u>PROJECT SALES TAX IMPACT</u>		
<u>Additional Purchases (1st year following project completion)</u>	\$108,000 *	
<u>Additional Sales Tax Paid on Additional Purchases</u>	N/A	
<u>Estimated Additional Sales (1st full year following project completion)</u>	\$108,000 *	
<u>Estimated Additional Sales Tax to be collected on additional sales (1st full year following project completion)</u>	N/A	
<u>PROJECT PAYROLL IMPACT</u>		
<u>Additional Payroll (1st full year following project completion)</u>	\$700,000 *	
<u>Additional Project income for project construction workers</u>	unknown	
<u>Additional Income Tax to NYS on construction workers project income</u>	unknown	
<u>Additional Income Tax to NYS (1st full year following project completion)</u>	\$ 22,000	
<u>Reduction in estimated Income Tax to NYS</u>	N/A	
<u>Additional Payroll (2nd full year following project completion)</u>	unknown	
<u>Additional estimated Income Tax to NYS (2nd full year following project completion)</u>	unknown	
<u>Reduction in estimated Income Tax to NYS</u>	N/A	
<u>REAL PROPERTY TAX IMPACT</u>		
<u>PILOT Payments (1st full year following project completion)</u>	N/A	
<u>Average yearly PILOT Payment (over 10 year period following project completion)</u>	N/A	
<u>MISCELLANEOUS TAX IMPACT</u>		
<u>Mortgage Recording Tax impact</u>	\$ 17,000	
<u>Agency Fees</u>	17,000	
<u>Estimated value of other Economic Benefits</u>	consolidated employment Cheaper overall costs	

* This already exists but is scattered at various locations.