

**COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY  
CIVIC FACILITY REVENUE BOND  
(PARENT EDUCATION PROGRAM, INC. PROJECT), SERIES 2002A  
IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$400,000**

**I. PROJECT IDENTIFICATION.**

The Project consists of the following:

1. **Project Applicant:** Parent Education Program, 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 Land and Facility: the acquisition of an approximately one acre parcel of land located at 234-242 North Union Street in the City of Olean, Cattaraugus County, New York (the "Land"), together with an existing building complex located thereon containing approximately 11,000 square feet of space (the "Facility") pursuant to a lease agreement dated as of November 1, 2002 (the "Underlying Lease") by and between the Agency and the Company.
  - (B) Construction component: the renovation of the Facility.
  - (C) Equipment component: the acquisition and installation therein and thereon of certain machinery and equipment (the "Equipment")(the Land, the Facility and the Equipment being referred to sometimes as the "Project Facility").
  - (D) Sale: the Project Facility will be sold by the Agency to the Company pursuant to an installment sale agreement dated as of November 1, 2002 (the "Installment Sale Agreement"), which Project Facility will be owned and operated by the Company as the Company's administrative offices, a family resource support center and other office space to be leased by the Company to one or more tenants.

**II. PRIOR ACTION ON PROJECT.**

3. **SEQR Compliance:**
  - (A) SEQR Classification of the Project: Unlisted.
  - (B) SEQR Lead Agency: None.
  - (C) Agency Action: Negative Declaration.
  - (D) Date of Agency Action: September 17, 2002.
4. **Inducement Proceedings:**
  - (A) Inducement Resolution: adopted on September 17, 2002, authorized bonds in an amount approximating \$400,000.
  - (B) Public Hearing:
    - (1) Date Notice Published: June 24, 2002.
    - (2) Date Notice Mailed to Affected Tax Jurisdictions: June 13, 2002.
    - (3) Bond Amount Advertised: \$400,000.
    - (4) Date of Public Hearing: July 25, 2002.
  - (C) Public Approval by County Legislature: October 23, 2002.

**III. DETAILS OF PROPOSED BOND TRANSACTION:**

5. **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 the Installment Sale Agreement.

6. **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: \$ \_\_\_\_\_.

7. **Details of the Bond Issue:**

- (A) Amount of proposed Bond: not to exceed \$400,000 issued under a bond purchase and building loan agreement dated as of November 1, 2002 (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 Closing Date.
- (E) Interest (Bond Rate):

(A) Prior to the occurrence of an Event of Taxability and prior to the first Adjustment Date [each five (5) year anniversary of the Closing Date, on which date the Tax-Exempt Rate {a per annum rate of interest equal to five and one half percent (5.50%)} will be adjusted to the Subsequent Rate] {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 ten year advance rate plus 300 basis points}, the Tax-Exempt Rate, (B) prior to the occurrence of Event of Taxability and after the Adjustment Date, the Subsequent Rate, and (C) subsequent to the occurrence of an Event of Taxability, the Taxable Rate [a per annum rate of interest equal to eight and one-tenth percent (8.10%)].

(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, on the first (1st) day of each month commencing on the first day of the calendar month immediately following the calendar month in which the Closing Date occurs and continuing on the first day of each month thereafter until the Bond is paid in full.
- (c) Thereafter, commencing on the first day of the first month following the Closing Date and on the first day of each calendar month thereafter until the Bond is paid in full, the Issuer 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.
- (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 Issuer 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 at any time prior to maturity in whole or in part at the option of the Issuer upon the direction of the Company with sixty (60) days notice to the Holder without premium or penalty.
- (2) Notwithstanding the provisions of Section G(1) hereof, if the Bond is refinanced with another lender, the Issuer shall pay to the Holder a prepayment premium equal to (1) three percent (3%) of the outstanding Principal Balance if refinanced on or before the twelfth (12th) month following the Closing Date, (2) two percent (2%) of the outstanding Principal Balance if refinanced during or after the thirteenth (13th) month following the Closing Date and during or before the twenty-fourth (24th) month following the Closing Date and (3) one percent (1%) of the outstanding Principal Balance if refinanced during or after the twenty-fifth (25th) month following the Closing Date and during or before the thirty-sixth (36th) month following the Closing Date.
- (3) 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 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.
- (4) 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.
- (5) 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.

**8. Security for the Bond:**

- (A) A mortgage dated as of November 1, 2002 (the "Mortgage") from the Company and the Agency to the Holder.
- (B) A pledge and assignment dated as of November 1, 2002 (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 November 1, 2002 (the "Assignment of Rents") from the Company and the Agency to the Holder.
- (D) A guaranty dated as of November 1, 2002 (the "Guaranty") from the Company to the Holder.

**9. 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.

**10. Closing Date:** November \_\_, 2002

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