

**APPROVING RESOLUTION
RAND MACHINE PRODUCTS, INC. PROJECT**

A regular meeting of County of Chautauqua Industrial Development Agency (the "Agency") was convened in public session at the offices of the Agency located at 200 Harrison Street in the City of Jamestown, Chautauqua County, New York on June 21, 2011 at 10:00 a.m., local time.

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

PRESENT:

Michael Piazza	Chairman
Michael Metzger	Vice Chairman/Treasurer
Dennis Rak	Member
David Bryant	Member
Jerry Park	Member

ABSENT:

Richard Star	Secretary
Doreen Sixbey	Member
Gregory DeCinque	Member
Kim Peterson	Member

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

William J. Daly	Administrative Director/Chief Executive Officer
Richard E. Dixon	Chief Financial Officer
Carol Rasmussen	Assistant Secretary
Gregory Peterson, Esq.	Agency Counsel

The following resolution was offered by Dennis Rak, seconded by Jerry Park, to wit:

Resolution No. 06-21-11-02 ✓

RESOLUTION AUTHORIZING EXECUTION OF DOCUMENTS IN CONNECTION WITH A LEASE/LEASEBACK TRANSACTION FOR A PROJECT FOR RAND MACHINE PRODUCTS, INC. (THE "COMPANY").

WHEREAS, County of Chautauqua Industrial Development Agency (the "Agency") 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 71 of the 1972 Laws of New York, as amended, constituting Section 895-h 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 Agency is authorized and empowered under the Act to acquire, construct and install one or more "projects" (as defined in the Act) or to cause said projects to be acquired, constructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, in March, 2011, Rand Machine Products, Inc., a New York business corporation (the "Company"), submitted an application (the "Application") to the Agency, a copy of which Application is on file at the office of the Agency, which Application requested that the Agency consider undertaking a project (the "Project") for the benefit of the Company, said Project consisting of the following: (A) (1) the acquisition of an interest in an approximately 2 acre parcel of land located at 2072 through, and including 2088 Allen Street Extension in the Town of Ellicott, Chautauqua County, New York (the "Land"), together with two (2) buildings containing in the aggregate approximately 36,540 square feet of space located thereon (collectively, the "Existing Facility"), (2) the construction on the Land of an approximately 22,250 square foot building and associated parking (collectively, the "Facility") and (3) the acquisition and installation of certain machinery and equipment (the "Equipment") therein and thereon, all of the foregoing to constitute a manufacturing facility (the Land, the Existing Facility, the Facility and the Equipment 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 revenue bonds of the Agency in one or more issues or series in an aggregate principal amount sufficient to pay the cost of undertaking the Project, together with necessary incidental costs in connection therewith, presently estimated to be approximately \$6,000,000 and in any event not to exceed \$7,000,000 (the "Obligations"); (C) 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; (D) 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 certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (collectively with the Obligations, the "Financial Assistance"); and (E) 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 Agency; and

WHEREAS, pursuant to the authorization contained in a resolution adopted by the members of the Agency on March 15, 2011 (the "Preliminary Inducement Resolution"), the Administrative Director of the Agency (A) caused notice of a public hearing of the Agency (the "Public Hearing") pursuant to Section 859-a of the Act and Section 147(f) of the Code, to hear all persons interested in the Project and the financial assistance being contemplated by the Agency with respect to the Project, to be mailed on March 16, 2011 to the chief executive officers of the county and of each city, town, village and school district in which the Project Facility is to be located, (B) caused notice of the Public Hearing to be posted on March 17, 2011 on a bulletin board in the Town of Ellicott Town Hall located at 215 S. Work Street in the Town of Ellicott, Chautauqua County, New York, (C) caused notice of the Public Hearing to be published on March 19, 2011 in The Post-Journal, a newspaper of general circulation available to the residents of the Town of Ellicott, Chautauqua County, New York, (D) conducted the Public Hearing on April 5, 2011 at 11:00 a.m., local time at the Town of Ellicott Town Hall located at 215 S. Work Street in the Town of Ellicott, Chautauqua County, New York, and (E) prepared a report of the Public Hearing (the "Public Hearing Report") fairly summarizing the views presented at such Public Hearing and caused copies of said Public Hearing Report to be made available to the members of the Agency and to the County Executive of County of Chautauqua, New York (the "County Executive"); 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 Agency on March 15, 2011 (the "Preliminary SEQR Resolution"), the Agency determined to obtain an environmental assessment form relating to the Project (an "EAF") from the Company, to review the EAF with counsel to the Agency, and prepare proceedings to allow the Agency to comply with the requirements of SEQRA that apply to the Project, and to report to the Agency at its next meeting on the status of the foregoing; and

WHEREAS, further pursuant to SEQRA, by resolution adopted by the members of the Agency on April 27, 2011 (the "Final SEQR Resolution"), the Agency determined (A) to conduct an uncoordinated review of the Project and (B) that the Project is an "Unlisted action" which will not have a significant effect on the environment and, therefore, that an environmental impact statement is not required to be prepared with respect to the Project, and (C) as a consequence of the foregoing, to prepare a negative declaration with respect to the Project; and

WHEREAS, by further resolution adopted by the members of the Agency on April 27, 2011 (the "Final Inducement Resolution"), the members of the Agency determined, following a review of the Public Hearing Report, to proceed with the Project and to enter into a preliminary agreement with the Company (the "Preliminary Agreement") relating to the Project; and

WHEREAS, the Company has informed the Agency that the Company will be obtaining conventional financing for the Project and accordingly will not need the Agency to issue the Obligations at this time to finance the Project, but has requested that the Agency undertake the remaining portions of the Project; and

WHEREAS, the Agency has given due consideration to the Application, and to representations by the Company that (A) the granting by the Agency of the Financial Assistance with respect to the Project will be an inducement to the Company to undertake the Project in County of Chautauqua, New York and (B) the completion of the Project will not result in the removal of a plant or facility of any proposed occupant of the Project Facility from one area of the State of New York to another area in the State of New York and will not result in the abandonment of one or more plants or facilities of any occupant of the Project Facility located in the State of New York; and

WHEREAS, the Agency desires to encourage the Company to preserve and advance the job opportunities, health, general prosperity and economic welfare of the people of County of Chautauqua, New York by undertaking the Project in County of Chautauqua, New York; and

WHEREAS, in order to consummate the Project and the granting of the Financial Assistance described in the notice of the Public Hearing, the Agency proposes to enter into the following documents (hereinafter collectively referred to as the "Agency Documents"): (A) a certain lease to agency (the "Lease to Agency" or the "Underlying Lease") by and between the Company, as landlord, and the Agency, as tenant, pursuant to which the Company will lease to the Agency a portion of the Land and all improvements now or hereafter located on said portion of the Land (collectively, the "Leased Premises"); (B) a certain license agreement (the "License to Agency" or the "License Agreement") by and between the Company, as licensor, and the Agency, as licensee, pursuant to which the Company will grant to the Agency (1) a license to enter upon the balance of the Land (the "Licensed Premises") for the purpose of undertaking and completing the Project and (2) in the event of an occurrence of an Event of Default by the Company, an additional license to enter upon the Licensed Premises for the purpose of pursuing its remedies under the Lease Agreement (as hereinafter defined); (C) a lease agreement (and a memorandum

thereof) (the "Lease Agreement") by and between the Agency and the Company, pursuant to which, among other things, the Company agrees to undertake the Project as agent of the Agency and the Company further agrees to lease the Project Facility from the Agency and, as rental thereunder, to pay the Agency's administrative fee relating to the Project and to pay all expenses incurred by the Agency with respect to the Project; (D) a payment in lieu of tax agreement (the "Payment in Lieu of Tax Agreement") by and between the Agency and the Company, pursuant to which the Company will agree to pay certain payments in lieu of taxes with respect to the Project Facility; (E) if the Company intends to finance the Project with borrowed money, one or more mortgages and any other security documents and related documents (collectively, the "Mortgage") from the Agency and the Company to the Company's lenders with respect to the Project (the "Lender"), which Mortgage will grant liens on and security interests in the Project Facility to secure one or more loans from the Lender to the Company with respect to the Project (collectively, the "Loan"); (F) all building loan and other agreements requested by the Lender in connection with the Loan (collectively with the Mortgage, the "Loan Documents"); and (G) various certificates relating to the Project (the "Closing Documents");

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

Section 1. All action taken by the Administrative Director of the Agency with respect to the Public Hearing with respect to the Project is hereby ratified and confirmed.

Section 2. The law firm of Hodgson Russ LLP is hereby appointed Special Counsel to the Agency with respect to all matters in connection with the Project. Special Counsel for the Agency is hereby authorized, at the expense of the Company, to work with the Company, counsel to the Company, counsel to the Agency and others to prepare, for submission to the Agency, all documents necessary to effect the transactions contemplated by this Resolution. Special Counsel has prepared and submitted an initial draft of the Agency Documents to staff of the Agency.

Section 3. The Agency hereby finds and determines that:

(A) By virtue of the Act, the Agency 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;

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

(C) The Project site is located entirely within the boundaries of County of Chautauqua, New York;

(D) It is estimated at the present time that the costs of the planning, development, acquisition, construction, reconstruction and installation of the Project Facility (collectively, the "Project Costs") will be approximately \$5,958,475;

(E) The completion of the Project will not result in the removal of a plant or facility of any proposed occupant of the Project Facility from one area of the State of New York to another area in the State of New York and will not result in the abandonment of one or more plants or facilities of any occupant of the Project Facility located in the State of New York;

(F) The granting of the Financial Assistance by the Agency with respect to the Project will promote and maintain the job opportunities, general prosperity and economic welfare

of the citizens of County of Chautauqua , New York and the State of New York and improve their standard of living, and thereby serve the public purposes of the Act;

(G) The Agency has reviewed the Hearing Report and has fully considered all comments contained therein; and

(H) It is desirable and in the public interest for the Agency to enter into the Agency Documents.

Section 4. In consequence of the foregoing, the Agency hereby determines to: (A) proceed with the Project; (B) acquire the Project Facility; (C) lease the Project Facility to the Company pursuant to the Lease Agreement; (D) enter into the Payment in Lieu of Tax Agreement; (E) secure the Loan by entering into the Loan Documents; and (F) grant the Financial Assistance with respect to the Project.

Section 5. The Agency is hereby authorized (A) to acquire a license in the Licensed Premises pursuant to the License Agreement, (B) to acquire a leasehold interest in the Leased Premises pursuant to the Underlying Lease, (C) to acquire title to the Equipment pursuant to a bill of sale (the "Bill of Sale to Agency") from the Company to the Agency, and (D) to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisitions are hereby approved, ratified and confirmed.

Section 6. The Agency is hereby authorized to acquire, construct and install the Project Facility as described in the Lease Agreement and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition, construction and installation are hereby ratified, confirmed and approved.

Section 7. The Chairman (or Vice Chairman) of the Agency, with the assistance of Agency Counsel and/or Special Counsel, is authorized to negotiate and approve the form and substance of the Agency Documents.

Section 8. (A) The Chairman (or Vice Chairman) of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Agency Documents, and, where appropriate, the Secretary (or Assistant Secretary) of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same, all in the forms thereof 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 Agency is hereby further authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

Section 9. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency 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 Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 10. This Resolution shall take effect immediately.

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

I, the undersigned (Assistant) Secretary of County of Chautauqua Industrial Development Agency (the "Agency"), DO HEREBY CERTIFY that I have compared the foregoing annexed extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on June 21, 2011 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 contained 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 Agency 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 Agency 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 Agency this 21st day of June, 2011.



(Assistant) Secretary

(SEAL)

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

Michael Piazza	VOTING	<u>AYE</u>
Michael Metzger	VOTING	<u>AYE</u>
Richard Star	VOTING	<u>ABSENT</u>
Doreen Sixby	VOTING	<u>ABSENT</u>
Kim Peterson	VOTING	<u>ABSENT</u>
Gregory DeCinque	VOTING	<u>ABSENT</u>
Dennis Rak	VOTING	<u>AYE</u>
David Bryant	VOTING	<u>AYE</u>
Jerry Park	VOTING	<u>AYE</u>

The foregoing Resolution was thereupon declared duly adopted.