

**PRELIMINARY INDUCEMENT RESOLUTION
FAMILY COUNSELING CENTER OF FULTON COUNTY, INC. PROJECT**

A regular meeting of Montgomery County Capital Resource Corporation (the “Issuer”) was convened in public session at the offices of the Issuer located at the Old County Courthouse, 9 Park Street, Fonda, New York on December 12, 2019 at 4:35 o’clock p.m., local time.

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

PRESENT:

Matthew Beck	Chairman
Carol Shineman	Vice Chairman
Robert Harris	Treasurer
Mark Kowalczyk	Member
Cheryl Reese	Member

ABSENT:

Amanda Auricchio, Esq. Member
Laurie Weingart, Member

ISSUER STAFF PRESENT INCLUDED THE FOLLOWING:

Kenneth F. Rose	Chief Executive Officer
Sheila Snell	Chief Financial Officer
Andrew Santillo	Staff Assistant
Karl Gustafson, Jr.	Grant Assistant
Vincenzo Nicosia	Economic Development Specialist
Alex Kuttesch	Sr. Planner
A. Joseph Scott, III, Esq.	Issuer Counsel and Bond Counsel

The following resolution was offered by on. Mark Kowalczyk, seconded by Carol Shineman, to wit:

Resolution No. 19-05

RESOLUTION TAKING PRELIMINARY OFFICIAL ACTION TOWARD THE ISSUANCE OF REVENUE BONDS IN AN AMOUNT SUFFICIENT TO FINANCE A CERTAIN PROJECT FOR FAMILY COUNSELING CENTER OF FULTON COUNTY, INC. (THE “BORROWER”) AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PRELIMINARY AGREEMENT WITH THE BORROWER WITH RESPECT TO SUCH FINANCING.

WHEREAS, Montgomery 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”). Pursuant to the provisions of the Enabling Act and Revenue Ruling 57-187 and Private Letter Ruling 200936012, the Montgomery County Legislature (the “County Legislature”) adopted a resolution on June 2, 2014 (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 June 12, 2014, 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 Montgomery County, New York (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, in December, 2019, Family Counseling Center of Fulton County, Inc., a New York not-for-profit corporation (the "Borrower"), submitted an application (the "Application") to the Issuer, a copy of which Application is on file at the office of the Issuer, which Application requested that the Issuer consider undertaking a project (the "Project") for the benefit of the Borrower, said Project consisting of the following: (A) (1) the construction and acquisition of an addition to contain approximately 18,578 square feet of space (the "Addition") to the existing facility containing approximately 9,000 square feet of space (the "Existing Facility") (the Addition and the Existing Facility hereinafter collectively referred to as the "Facility") located at 11-21 Broadway in the City of Gloversville, Fulton County, New York (the "Land"), and (2) the acquisition and installation of various machinery and equipment therein and thereon (the "Equipment") (the Land, the Facility and the Equipment being hereinafter referred to as the "Project Facility"), all of the foregoing to constitute a behavioral health and social services facility to be owned and operated by the Borrower, and to include designated treatment space, an observation room, meeting space and a children's room and other directly and indirectly related activities; (B) the financing of all or a portion of the costs of the foregoing by the issuance of tax-exempt and/or taxable 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 Project, together with necessary incidental costs in connection therewith, presently estimated to not exceed \$8,500,000 and in any event not to exceed \$10,000,000 (the "Obligations"); (C) the 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 (D) the making of a loan (the "Loan") of the proceeds of the Obligations to the Borrower or such other person as may be designated by the Borrower and agreed upon by the Issuer; and

WHEREAS, Fulton County, New York ("Fulton County") is not presently served by an active local development corporation; and

WHEREAS, pursuant to the Certificate of Incorporation, the Issuer is authorized to undertake projects within Fulton County for the purpose of, among other things, lessening the burdens of government and acting in the public interest; and

WHEREAS, pursuant to the Certificate of Incorporation, prior to the Issuer providing the financial assistance, the Issuer, among other things, must hold a public hearing in accordance with the guidelines set forth in Section 859-a of the General Municipal Law with respect to the Project; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended, and the regulations (the “Regulations”) adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, the “SEQR Act”), the Issuer has not yet made a preliminary determination as to the potential environmental significance of the Project and therefore has not yet determined whether an environmental impact statement is required to be prepared with respect to the Project; and

WHEREAS, with respect to any portion of the Obligations intended to be issued as federally tax-exempt obligations, interest on such portion of the Obligations will not be excludable from gross income for federal income tax purposes unless (A) pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations of the United States Treasury Department thereunder (the “Treasury Regulations”), the issuance of such portion of the Obligations is approved by the County Executive of Montgomery County after the Issuer has held a public hearing on the nature and location of the Project Facility and the issuance of the Obligations as required by Section 147(f) of the Code (in addition to “host approval” by a governmental unit located within Fulton County as described in Section 1.147(f)-1(b)(3) of the Treasury Regulations); and (B) pursuant to Section 145(a) of the Code, all property which is to be provided by the net proceeds of such portion of the Obligations is to be owned by a Section 501(c)(3) organization or a governmental unit and at least ninety-five percent (95%) of the net proceeds of the Obligations are used with respect to (1) governmental units and/or (2) the activities of Section 501(c)(3) organizations which do not constitute “unrelated trades or businesses” (as defined in Section 513(a) of the Code) with respect to such Section 501(c)(3) organizations; and

WHEREAS, the Issuer desires to assist the Borrower and provide for compliance with the provisions of Section 147(f) of the Code with respect to the Project; and

WHEREAS, although the resolution authorizing the issuance of the Obligations and the undertaking of the Project has not yet been drafted for approval by the Issuer, a preliminary agreement (the “Preliminary Agreement”) relative to the proposed issuance of the Obligations and the undertaking of the Project by the Issuer has been presented for approval by the Issuer;

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

Section 1. The Issuer has reviewed the Application and, based upon the representations made by the Borrower to the Issuer in the Application and at this meeting, the Issuer hereby makes the following findings and determinations with respect to the Project:

(A) The issuance of the Obligations by the Issuer with respect to the Project will lessen the burdens of government and be acting in the public interest, and thereby serve the public purposes of the Enabling Act; and

(B) It is desirable and in the public interest to issue the Obligations in a principal amount sufficient to pay the cost of undertaking the Project, together with necessary incidental expenses in connection therewith (collectively, the “Project Costs”), which Project Costs are presently estimated to be an amount not to exceed \$10,000,000;

provided, however, that the foregoing determinations shall not entitle or permit the Borrower to commence the undertaking of the Project, nor commit the Issuer to issue any Obligations with respect to the Project, unless and until the Issuer shall decide to proceed with the Project following a determination by the Issuer that all requirements of the SEQR Act that relate to the Project and to the issuance of the Obligations have been fulfilled.

Section 2. If, following full compliance with the SEQR Act and the requirements of the Enabling Act, including the public hearing requirements set forth in Section 859-a of the General Municipal Law, the Issuer adopts a future resolution (the “Future Resolution”) determining to proceed with the Project and the Borrower complies with all conditions set forth in this Resolution, the Preliminary Agreement and the Future Resolution, the Issuer will (A) authorize the issuance of the Obligations in such principal amount and with such maturities, interest rate or rates, redemption terms and other terms and provisions as shall be determined in accordance with the provisions of a further resolution of the Issuer; (B) make a loan to the Borrower of the proceeds of the Obligations (the “Loan”) for the purpose of assisting in financing the Project; (C) enter into a loan agreement (hereinafter, the “Loan Agreement”) between the Issuer and the Borrower whereby the Borrower will be obligated, among other things, (1) to make payments to the Issuer in amounts and at times so that such payments will be adequate to pay the principal of, premium, if any, and interest on the Obligations and (2) to pay all costs incurred by the Issuer with respect to the Project and/or the Project Facility, including all costs of operation and maintenance, all taxes and other governmental charges, any required payments in lieu of taxes, if applicable, and all reasonable fees and expenses incurred by the Issuer with respect to or in connection with the Project and/or the Project Facility; and (D) secure the Obligations in such manner as the Issuer, the Borrower and the purchasers of the Obligations shall mutually deem appropriate, all as contemplated by the Preliminary Agreement. If the proceeds from the sale of the Obligations are insufficient to finance the entire cost of the undertaking of the Project, the Issuer will, upon request of the Borrower and subject to the provisions of the Preliminary Agreement and Section 3 hereof, use its best efforts to effect the issuance from time to time in the future of additional bonds, whether on a parity with the Obligations or otherwise, for the purpose of paying the cost of completing the undertaking of the Project.

Section 3. The issuance of the Obligations and any additional bonds by the Issuer, as contemplated by Section 2 of this Resolution, shall be subject to: (A) the determination by the Issuer to proceed with the Project following a determination by the Issuer that all requirements of the SEQR Act that relate to the Project have been fulfilled; (B) execution and delivery by the Borrower of the Preliminary Agreement, which sets forth certain conditions for the issuance of the Obligations by the Issuer, and satisfaction by the Borrower of all the terms and conditions of the Preliminary Agreement applicable to the Borrower; (C) agreement by the Issuer, the Borrower and the purchasers of the Obligations on mutually acceptable terms for the Obligations and for the sale and delivery thereof and mutually acceptable terms and conditions for the security for the payment thereof; (D) agreement between the Borrower and the Issuer as to payment by the Borrower of the administrative fee of the Issuer with respect to the Project; (E) if interest on any portion of the Obligations is to be treated as excludable from gross income for federal income tax purposes, (1) pursuant to Section 145(a) of the Code, all property which is to be provided by the net proceeds of such portion of the Obligations must be owned by a Section 501(c)(3) organization or a governmental unit and at least ninety-five percent (95%) of the net proceeds of such portion of the Obligations must be used with respect to (a) governmental units and/or (b) the activities of Section 501(c)(3) organizations which do not constitute “unrelated trades or businesses” (as defined in Section 513(a) of the Code), and (2) the County Executive of Montgomery County must have approved the issuance of such portion of the Obligations after a public hearing on the issuance of the Obligations and the nature and location of the Project Facility has been held by the Issuer, as required by Section 147(f) of the Code (in addition to “host approval” by a governmental unit located within Fulton County as described in Section 1.147(f)-1(b)(3) of the Treasury Regulations); and (F) the following additional condition(s) N/A.

Section 4. The form, terms and substance of the Preliminary Agreement (in substantially the form approved by Issuer Counsel and Bond Counsel) are in all respects approved, and the Chairman, Vice Chairman or Chief Executive Officer of the Issuer is hereby authorized, empowered and directed to execute and deliver said Preliminary Agreement in the name and on behalf of the Issuer, with such changes therein as shall be approved by the officer executing same on behalf of the Issuer, the execution thereof by such

officer to constitute conclusive evidence of such officer's approval of any and all changes or revisions therein.

Section 5. From and after the execution and delivery of the Preliminary Agreement, the officers, agents and employees of the Issuer are hereby authorized, empowered and directed to proceed with the undertakings provided for therein on the part of the Issuer and are further authorized to do all such acts and things and to execute all such documents as may be necessary or convenient to carry out and comply with the terms and provisions of the Preliminary Agreement as executed.

Section 6. The officers, agents and employees of the Issuer are hereby directed to proceed to comply with the provisions of the SEQR Act and to do such things or perform such acts as may allow the Issuer to proceed to its final consideration of the Project.

Section 7. It is intended that this Resolution shall constitute an affirmative official action toward the issuance of the Obligations within the meaning of Section 1.103-8(a)(5) and Section 1.150-2(e)(1) of the Treasury Regulations.

Section 8. The Borrower is hereby authorized to conduct such environmental, engineering, economic, feasibility and other studies and preliminary planning and budgetary processes necessary or convenient to enable the Issuer to make its final determination whether to approve the Project, and the Borrower is further authorized to advance such funds as may be necessary for such purpose, subject, to the extent permitted by law, to reimbursement from the proceeds of the sale of the Obligations, if the Obligations are issued; provided, however, that such authorization shall not entitle or permit the Borrower to commence the undertaking of the Project unless and until the Issuer shall determine to proceed with the Project following a determination by the Issuer that all requirements of the SEQR Act that relate to the Project and to the issuance of the Obligations have been fulfilled. This Resolution constitutes a determination of compliance with technical requirements within the meaning of Section 617.3(c) of the Regulations and does not constitute, and shall not be deemed to constitute, either an approval by the Issuer of the Project for the purposes of the SEQR Act or a commitment by the Issuer to issue the Obligations except upon satisfaction of the requirements of the SEQR Act, the requirements set forth in Section 3 hereof and the requirements set forth in the Preliminary Agreement.

Section 9. The law firm of Hodgson Russ LLP is hereby appointed Bond Counsel to the Issuer with respect to all matters in connection with the Project and the issuance of the Obligations. Bond Counsel for the Issuer is hereby authorized, at the expense of the Borrower, to work with the Borrower, counsel to the Borrower, counsel to the Issuer, the purchasers of the Obligations and others to prepare, for submission to the Issuer, all documents necessary to effect the authorization, issuance, sale and delivery of the Obligations and the other transactions contemplated by this Resolution.

Section 10. The Issuer hereby authorizes the Chairman, Vice Chairman or Chief Executive Officer of the Issuer, prior to the issuance of any portion of the Obligations with respect to the Project, after consultation with the directors of the Issuer, (A) (1) to establish the time, date and place for a public hearing of the Issuer to hear all persons interested in the Project and the proposed financial assistance being contemplated by the Issuer with respect to the Project; (2) to cause notice of such public hearing to be given to the public by publishing a notice of such hearing in a newspaper of general circulation available to residents of the County, such notice to comply with the requirements of Section 859-a of the General Municipal Law and to be published no fewer than fourteen (14) days prior to the date established for such public hearing; (3) to cause notice of said public hearing to be given to the chief executive officer of the county and each town, village and school district in which the Project is to be located no fewer than fourteen (14) days prior to the date established for said public hearing; (4) to conduct such public hearing; and (5) to cause a report of said public hearing fairly summarizing the views presented at said public hearing to be

promptly prepared and cause copies of said report to be made available to the directors of the Issuer and (B) to satisfy the public approval requirements contained in Section 147(f) of the Code.

Section 11. The Chairman, Vice Chairman or Chief Executive Officer of the Issuer is hereby authorized and directed to distribute copies of this Resolution to the Borrower and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

Section 12. This Resolution shall take effect immediately.

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

Matthew Beck	VOTING	<u>YES</u>
Carol Shineman	VOTING	<u>YES</u>
Robert Harris	VOTING	<u>YES</u>
Laurie Weingart	VOTING	<u>ABSENT</u>
Amanda J. Auricchio	VOTING	<u>ABSENT</u>
Mark Kowalczyk	VOTING	<u>YES</u>
Cheryl Reese	VOTING	<u>YES</u>

The foregoing Resolution was thereupon declared duly adopted.

[Remainder of page left blank intentionally]

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

I, the undersigned (Assistant) Secretary of Montgomery County Capital Resource Corporation (the “Issuer”), DO HEREBY CERTIFY that I have compared the foregoing annexed extract of the minutes of the meeting of the members of the Issuer, including the resolution contained therein, held on December 12, 2019 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 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 12th day of December, 2019.

(Assistant) Secretary

(SEAL)

PRELIMINARY AGREEMENT

THIS PRELIMINARY AGREEMENT made as of December 12, 2019 between MONTGOMERY COUNTY CAPITAL RESOURCE CORPORATION (the “Issuer”), a not-for-profit corporation organized and existing under the laws of the State of New York, and FAMILY COUNSELING CENTER OF FULTON COUNTY, INC. (the “Borrower”), a not-for-profit corporation organized and existing under the laws of the State of New York (the “State”);

WITNESSETH:

WHEREAS, the Issuer is authorized and empowered by the provisions of the Section 1411 of the Not-For-Profit Corporation Law of the State, as amended (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, in December, 2019, the Borrower submitted an application (the “Application”) to the Issuer, a copy of which Application is on file at the office of the Issuer, which Application requested that the Issuer consider undertaking a project (the “Project”) for the benefit of the Borrower, said Project consisting of the following: (A) (1) the construction and acquisition of an approximately 18,578 square foot addition to the Borrower’s existing facility to include designated treatment space, observation room, meeting space and a children’s room (the “Facility”) located at 11-21 Broadway in the City of Gloversville, Fulton County, New York (the “Land”) and (2) the acquisition and installation of various machinery and equipment therein and thereon (the “Equipment”) (the Land, the Facility and the Equipment being hereinafter referred to as the “Project Facility”), all of the foregoing to constitute a behavioral health and social services facility and other directly and indirectly related activities for use by the Borrower; (B) the financing of all or a portion of the costs of the foregoing by the issuance of tax-exempt and/or taxable 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 Project, together with necessary incidental costs in connection therewith, presently estimated to not exceed \$8,500,000 and in any event not to exceed \$10,000,000 (the “Obligations”); (C) the 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 (D) the making of a loan (the “Loan”) of the proceeds of the Obligations to the Borrower or such other person as may be designated by the Borrower and agreed upon by the Issuer; and

WHEREAS, Fulton County, New York (“Fulton County”) is not presently served by an active local development corporation; and

WHEREAS, pursuant to the Certificate of Incorporation, the Issuer is authorized to undertake projects within Fulton County for the purpose of, among other things, lessening the burdens of government and acting in the public interest; and

WHEREAS, the Issuer has given due consideration to the Application, and to representations by the Borrower that issuance of the Obligations with respect to the Project will be an inducement to the Borrower to undertake the Project in Fulton County; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended, and the regulations (the "Regulations") adopted pursuant thereto by the Department of Environmental Conservation of the State (collectively, the "SEQR Act"), the Issuer has not yet made a preliminary determination as to the potential environmental significance of the Project and therefore has not yet determined whether an environmental impact statement is required to be prepared with respect to the Project; and

WHEREAS, by resolution adopted by the members of the board of directors of the Issuer on December 12, 2019 (the "Inducement Resolution"), the board of directors of the Issuer determined to proceed with the Project and to enter into this Preliminary Agreement;

NOW THEREFORE, in consideration of the mutual covenants contained herein, the Issuer and the Borrower agree as follows:

Article 1. Representations.

Among the representations which have resulted in the execution of this Preliminary Agreement are the following:

Section 1.01. The Borrower hereby represents to the Issuer that:

(A) The issuance of the Obligations with respect to the Project will be an inducement to the Borrower to locate and/or retain the Project in Fulton County.

(B) The Project Facility is and/or will be located entirely within the boundaries of Fulton County.

(C) The issuance of the Obligations by the Issuer with respect to the Project will lessen the burdens of government and be acting in the public interest, and thereby serve the public purposes of the Enabling Act.

(D) It is estimated at the present time that the costs of the planning, development, acquisition, construction, reconstruction, renovation and installation of the Project Facility, including the costs incurred in connection with the issuance of the Obligations (collectively, the "Project Costs"), are presently estimated to be an amount not to exceed \$10,000,000.

(E) The Borrower will ensure that the acquisition, construction, reconstruction, renovation installation and operation of the Project Facility will comply with all applicable federal, state and local laws, ordinances, rules and regulations, and the Borrower will obtain all necessary approvals and permits required thereunder.

Section 1.02. By the Inducement Resolution, the Issuer has approved the execution of this Preliminary Agreement. The Issuer intends this Preliminary Agreement to constitute its official binding commitment, subject to the terms hereof and of the Inducement Resolution: (A) to issue its Obligations in one or more series or issues pursuant to the Enabling Act in an aggregate principal amount sufficient to pay the Project Costs, the actual principal amount of such Obligations to be agreed upon by the Issuer and the

Borrower when the Project Costs are more definitely established; and (B) to use the proceeds of the Obligations to make a loan to the Borrower to be used to finance a portion of the Project Costs.

Section 1.03. Pursuant to Article 8 of the Environmental Conservation Law, Chapter 43B 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 (collectively with the SEQR Act, “SEQRA”), the Issuer has not yet made a determination as to the potential environmental significance of the Project and, therefore, has not yet determined whether an environmental impact statement is required to be prepared with respect to the Project.

Section 1.04. The Issuer intends this Preliminary Agreement to be an affirmative official action of the Issuer toward the issuance of the Obligations within the meaning of Section 1.103-8(a)(5) of the United States Treasury Regulations.

Article 2. Undertakings on the Part of the Issuer.

Based upon the statements, representations and undertakings of the Borrower and subject to the conditions set forth herein, the Issuer agrees as follows:

Section 2.01. If the Borrower complies with all conditions set forth in this Preliminary Agreement and the Inducement Resolution, then the Issuer will authorize, sell and deliver its Obligations, in one or more series or issues from time to time, pursuant to the terms of the Enabling Act as then in force, for the purpose of financing the Project Costs, in an aggregate principal amount necessary and sufficient to finance the Project Costs. The precise amount of the Obligations shall be fixed by a resolution and certificate of determination of the Issuer at a later date and to be agreed to by the Borrower. Upon the sale of the Obligations, the Issuer will expend the proceeds of the Obligations to make a loan to the Borrower to be used to finance the Project Costs (including reimbursing the Borrower for its funds expended on the Project Costs subsequent to the earlier of (1) the date of adoption of the Inducement Resolution or (2) such earlier date as shall be acceptable to Bond Counsel); PROVIDED, HOWEVER, that the Obligations are to be secured by and payable from the revenues to be derived by the Issuer either in accordance with the terms of a loan agreement, or other similar financing agreement, or any combination thereof, to be entered into by and between the Issuer and the Borrower (all said agreements being hereinafter collectively referred to as the “Financing Agreement”); PROVIDED FURTHER, HOWEVER, that the foregoing obligation of the Issuer to undertake the Project and to issue the Obligations is subject to the conditions hereinafter contained in this Preliminary Agreement, including but not limited to the following conditions:

(A) The Financing Agreement shall be executed between the Issuer, as lender, and the Borrower, as borrower. Pursuant to the Financing Agreement, the Borrower will be obligated, among other things, to make payments to the Issuer in such amounts and at such times so that such payments will be adequate to enable the Issuer to timely pay all amounts due under the Obligations. The Financing Agreement and any other documents to be executed by the Issuer in connection with the Project and the Obligations (collectively, the “Project Documents”), including the Obligations, shall in all respects comply with the requirements of, and limitations contained in, the Enabling Act and shall further specifically provide that the obligations of the Issuer thereunder are payable solely from the revenues derived by the Issuer from the Project Documents (except to the extent payable out of proceeds of the Obligations); that the obligations of the Issuer thereunder shall not be a general obligation of the Issuer and shall not constitute an indebtedness or pledge of the general credit of the Issuer; that no beneficiary of the obligations of the Issuer thereunder, including any holder of any of the Obligations, shall have the right to compel any exercise of the taxing power of the Issuer (if any) or of the State or any political subdivision thereof, including Montgomery County, New York (the “County”); and that the obligations of the Issuer thereunder shall not create

a debt or loan of credit of the County or the State, but such obligations shall be a special obligation of the Issuer secured and payable solely as provided in the Project Documents or the Obligations, as the case may be, and such facts shall be plainly stated in each of such documents and on the face of each of the Obligations;

(B) The Borrower shall have executed the Financing Agreement between the Issuer and the Borrower, the terms of which shall be acceptable in form and content to the Borrower, the Issuer and the purchasers of the Obligations, and pursuant to which, among other things, the Borrower shall be obligated to make aggregate basic payments (i.e. payments used to pay the principal and, premium, if any, and interest on the Obligations) to, or on behalf of, the Issuer in accordance with the terms of such Financing Agreement, which basic payments shall be in an amount at least sufficient to pay the principal of, premium, if any, and interest on the Obligations, as and when the same become due and payable, and to pay all costs incurred by the Issuer with respect to the Project and/or the Project Facility together with all costs of operation and maintenance of the Project Facility, including all taxes and other governmental charges, any required payments in lieu of taxes, and the reasonable fees and expenses incurred by the Issuer in connection with the Project, it being understood that the Borrower will, prior to or contemporaneously with the issuance of the Obligations, enter into such Financing Agreement;

(C) No event shall have occurred which constitutes (or which after notice or lapse of time or both would constitute) an event of default under the Financing Agreement;

(D) One or more purchasers shall agree to purchase the Obligations, it being understood that the Borrower will use all reasonable efforts to find one or more purchasers for the Obligations;

(E) The Borrower shall provide the Issuer and the purchasers of the Obligations with all information required to facilitate compliance with all applicable securities laws and all other information reasonably necessary in connection with the issue, sale, delivery and any resale of the Obligations;

(F) The Borrower shall provide the Issuer and the other “involved agencies” (as such quoted term is defined in the Regulations) with all information and statements which may be required by said respective entities in order to facilitate compliance by said entities with SEQRA;

(G) If the costs of the Project exceed the amount of the proceeds of the Obligations, or if the Obligations shall not be issued, the Borrower will pay all such Project Costs or such excess Project Costs and shall not be entitled to any reimbursement for any such payment from the Issuer;

(H) The Obligations shall bear such dates, mature at such time or times, bear interest at such rate or rates, and contain such other terms and provisions as shall be determined by subsequent action of the Issuer and approved by the Borrower;

(I) The Issuer shall receive, in form and substance satisfactory to the Issuer, such rulings, approvals, resolutions, consents, certificates, opinions of counsel and other instruments and proceedings as shall be specified by the Issuer in connection with the Obligations and (if applicable) the tax exemption of the interest thereon, the Project, the Financing Agreement, and the various other documents to be executed in connection with the Project, such rulings, approvals, resolutions, consents, certificates, opinions of counsel and other instruments and proceedings to be obtained from Bond Counsel, counsel to the Issuer and such other governmental and nongovernmental agencies and entities as may have or assert competence or jurisdiction over or interest in matters

pertaining thereto, and the same shall be in full force and effect at the time of the issuance of the Obligations;

(J) Agreements shall be made as to (1) indemnity by the Borrower of the Issuer and the members, directors and officers of the Issuer and (2) payment by the Borrower of the expenses incurred by the Issuer in connection with the Project (including counsel fees and out-of-pocket expenses) and the administrative fee of the Issuer, and such agreements shall be satisfactory in form and substance to the Issuer;

(K) If interest on any portion of the Obligations is to be treated as excludable from gross income for federal income tax purposes, (1) pursuant to Section 145(a) of the Code, all property which is to be provided by the net proceeds of such portion of the Obligations must be owned by a Section 501(c)(3) organization or a governmental unit and at least ninety-five percent (95%) of the net proceeds of such portion of the Obligations must be used with respect to (a) governmental units and/or (b) the activities of Section 501(c)(3) organizations which do not constitute "unrelated trades or businesses" (as defined in Section 513(a) of the Code), with respect to such Section 501(c)(3) organizations and (2) the County Executive of Montgomery County must have approved the issuance of such portion of the Obligations after a public hearing on the issuance of the Obligations and the nature and location of the Project Facility has been held by the Issuer, as required by Section 147(f) of the Code (in addition to "host approval" by a governmental unit located within Fulton County as described in Section 1.147(f)-1(b)(3) of the Treasury Regulations); and

(L) The following additional conditions: _____.

Section 2.02. The obligations of the Issuer pursuant to this Preliminary Agreement are subject to the conditions elsewhere contained in this Preliminary Agreement and to the additional condition that the Issuer shall not issue its Obligations to finance the Project Costs unless and until the Issuer shall have complied with the provisions of SEQRA.

Section 2.03. Subject to the conditions stated in this Preliminary Agreement, the Issuer from time to time will adopt, or cause to be adopted, such proceedings and authorize the execution of such documents as may be necessary or advisable for: (A) the authorization, issuance and sale of the Obligations; and (B) the use of the proceeds of the Obligations to make a loan to the Borrower to be used to finance the Project Costs; all as shall be authorized by law and be mutually satisfactory to the Issuer, the Borrower and the purchasers of the Obligations. If acceptable to the Borrower and the purchasers of the Obligations, such actions and documents may permit the issuance from time to time in the future of additional bonds on terms which shall be set forth therein, whether on a parity with the Obligations or otherwise, for the purpose of defraying the cost of completion of the Project.

Section 2.04. The Issuer will take or cause to be taken such other acts and adopt such further proceedings as may be required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof.

Article 3. Undertakings on the Part of the Borrower.

Based upon the statements, representations and undertakings of the Issuer and subject to the conditions set forth herein, the Borrower agrees as follows:

Section 3.01. The Borrower will use all reasonable efforts to find or cause to be found one or more purchasers for the Obligations and will use reasonable efforts to insure that the Obligations are sold;

provided, however, that the terms of such Obligations and of the sale and delivery thereof shall be mutually satisfactory to the Issuer and the Borrower.

Section 3.02. Contemporaneously with the sale and delivery of the Obligations, the Borrower will enter into the Financing Agreement with the Issuer containing the terms and conditions described in Section 2.01 hereof. The Borrower agrees that, if the Obligations shall not be issued or if the Project Costs exceed the amount of the proceeds of the Obligations, the Borrower will pay all such Project Costs or such excess Project Costs and shall not be entitled to any reimbursement for any such payment either from the Issuer or from the purchasers or holders of the Obligations. **THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, THAT THE PROCEEDS OF THE OBLIGATIONS WILL BE SUFFICIENT TO PAY ALL PROJECT COSTS, OR THAT THE PROJECT FACILITY WILL BE SUITABLE FOR THE BORROWER'S PURPOSES OR NEEDS.**

Section 3.03. The Borrower hereby agrees to indemnify and hold the Issuer (and its members, directors, agents and employees) harmless from all losses, expenses, claims and liabilities arising out of or based on (A) labor, services, materials and supplies, including equipment, ordered or used in connection with the acquisition, construction and installation of the Project Facility, including any expenses incurred by the Issuer (and its members, directors, officers, agents and employees) in defending any claims, suits or actions which may arise as a result of any of the foregoing and/or (B) any untrue statement or alleged untrue statement of a material fact included in any written materials relating to the offering or sale of the Obligations or the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Borrower shall not permit to stand, and will, at its own expense, take steps reasonably necessary to remove, any mechanic's or other liens against the Project Facility for labor or material furnished in connection with the acquisition, construction and installation of the Project Facility.

Section 3.04. The Borrower hereby agrees to indemnify, defend and hold the Issuer (and its members, directors, officers, agents and employees) harmless from any and all (A) claims and liabilities for the loss or damage to property or any injury to or death of any person that may be occasioned subsequent to the date hereof by any cause whatsoever in relation to the Project and/or the Project Facility, including any expenses incurred by the Issuer (and its members, directors, officers, agents and employees) in defending any claims, suits or actions which may arise as a result of the foregoing; and (B) claims and liability arising from or expenses incurred in connection with the Project or by the Issuer's financing of the Project Facility, including all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. The Borrower shall include the Issuer (and its members, directors, officers, agents and employees) as a named insured under all public liability insurance policies obtained by the Borrower with respect to the Project.

Section 3.05. The Borrower will take such further action and adopt such further proceedings as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

Article 4. General Provisions.

Section 4.01. All commitments of the Issuer under Article 2 hereof and of the Borrower under Article 3 hereof (excepting the obligations of the Borrower set forth in Sections 3.03 and 3.04 hereof, which shall survive the termination of this Preliminary Agreement) are subject to the condition that the following events shall have occurred not later than two (2) years from the date hereof (or such other date as shall be mutually satisfactory to the Issuer and the Borrower):

(A) The Issuer, the Borrower and the purchasers of the Obligations shall have agreed on mutually acceptable terms and conditions of the Obligations, the Financing Agreement and any agreements securing the Obligations and any other agreements referred to in Articles 2 or 3 hereof;

(B) All necessary governmental approvals shall be obtained; and

(C) All other conditions expressed in this Preliminary Agreement shall have been satisfied.

Section 4.02. Subject to the terms and conditions of Section 4.03 hereof, the Borrower shall have the right to unilaterally cancel this Preliminary Agreement at any time prior to the time that the Obligations are issued by the Issuer upon thirty (30) days prior written notice of cancellation delivered to the Issuer at the address set forth in Section 4.04 hereof.

Section 4.03. If the events set forth in Section 4.01 hereof do not take place within the time set forth in said Section 4.01, or any extension thereof, or if the Borrower exercises its right of cancellation as set forth in Section 4.02 hereof, the Borrower agrees that (A) it will promptly reimburse the Issuer (and its officers, members, directors, agents or employees) for all reasonable and necessary direct out-of-pocket expenses (including legal fees and expenses) which the Issuer (and its officers, members, directors, agents or employees) may incur with respect to the execution of this Preliminary Agreement and the performance of its obligations hereunder; and (B) the obligations of the Borrower set forth in Section 3.03 and 3.04 hereof shall survive the termination of this Preliminary Agreement and shall remain in full force and effect until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters described therein may be brought and payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses and charges incurred by the Issuer (and its officers, members, directors, agents or employees) relating to the enforcement of the provisions therein stated.

Section 4.04. (A) All notices and other communications hereunder shall be in writing and shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

(1) To the Issuer:

Montgomery County Capital Resource Corporation
9 Park Street
Fonda, New York 12068
Attention: Chairman

With a copy to:

Hodgson Russ LLP
677 Broadway
Albany, New York 12207
Attention: A. Joseph Scott, III, Esq.

(2) To the Borrower:

Family Counseling Center of Fulton County, Inc.
11-21 Broadway Street
Gloversville, New York 12078

Attention: Executive Director

With a copy to:

Bond, Schoeneck & King PLLC
One Lincoln Center
Syracuse, New York 13202
Attention: Matthew N. Wells, Esq.

(B) The Issuer and the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

Section 4.05. All covenants and agreements herein contained by or on behalf of the Issuer and the Borrower shall bind and inure to the benefit of the respective successors and assigns of the Issuer and the Borrower, whether so expressed or not.

Section 4.06. The obligations and agreements of the Issuer contained herein shall be deemed the obligations and agreements of the Issuer, and not of any member, officer, agent or employee of the Issuer in his individual capacity, and the members, directors, officers, agents and employees of the Issuer shall not be liable personally hereon or be subject to any personal liability or accountability based upon or in respect hereof or of any transaction contemplated hereby. The obligations and agreements of the Issuer contained herein shall not constitute or give rise to an obligation of the State or of the County and neither the State nor the County shall be liable thereon, and further, such obligations and agreements shall not constitute or give rise to a general obligation of the Issuer, but rather shall constitute limited obligations of the Issuer payable solely from the revenues of the Issuer derived and to be derived from the revenues of the Issuer derived and to be derived from the Financing Agreement and the other related financing documents (except for revenues derived by the Issuer with respect to the Unassigned Rights, as defined in the Financing Agreement).

Section 4.07. Notwithstanding any provision of this Preliminary Agreement to the contrary, the Issuer shall not be obligated to take any action pursuant to any provision hereof unless (A) the Issuer shall have been requested to do so in writing by the Borrower; and (B) if compliance with such request is reasonably expected to result in the incurrence by the Issuer (or any member, officer, agent or employee of the Issuer) of any liability, fees, expenses or other costs, the Issuer shall have received from the Borrower security or indemnity satisfactory to the Issuer for protection against all such liability and for the reimbursement of all such fees, expenses and other costs.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have entered into this Preliminary Agreement as of the day and date first written above.

MONTGOMERY COUNTY CAPITAL
RESOURCE CORPORATION

BY: _____
Authorized Officer

FAMILY COUNSELING CENTER
OF FULTON COUNTY, INC.

BY: _____
Authorized Officer