

**MINUTES OF A SPECIAL MEETING OF
THE RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
Monday, May 14, 2012**

Meeting was called to order by Chairman Tom Cruso at 5:04 p.m.

Present: Tom Cruso, Chairman
Elias (Lou) Kalogeras, Vice Chairman
Dawn Thomas, Asst. Secretary
Paul Thompson, Treasurer

Others in Attendance:

Richard Ehlers, Counsel
Tracy James, Executive Director

Absent: Carl Gabrielsen, Secretary

Lou Kalogeras and Dawn Thomas made a motion to adopt the proposed agenda. **Motion approved.**

RESOLUTION #38-12: Counsel described that in 2006 & 2007 the IDA issued bonds to PBMC, formerly known as Central Suffolk Hospital, which IDA's could do at the time. The Letter of Credit that guarantees the bondholders has a provision that after 5 years that it can be renewed, reviewed and reconsidered. This occurred with HSBC Bank, which in a global decision decided that it no longer wishes to have exposure in this market. This creates an automatic call, in turn an automatic tender unless a new letter of credit is issued. No new bonds are issued, but M&T Bank will now hold the Letter of Credit with more favorable terms. As a result, the mortgage has to be modified, indemnification and securities must also be put in place. The closing is scheduled for May 30th.

The following resolution was offered by Lou Kalogeras with an amendment to authorize the Vice Chairman as well as the Chairman to execute the necessary paperwork in connection with the substitution and tender of Letter of Credit. The resolution was seconded by Dawn Thomas.

#38-12 RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH THE SUBSTITUTION AND MANDATORY TENDER OF A LETTER OF CREDIT FOR EACH

OF, THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY VARIABLE RATE DEMAND CIVIC FACILITY REVENUE BONDS (CENTRAL SUFFOLK HOSPITAL PROJECT) SERIES 2006A (THE "SERIES 2006A BONDS"), TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY VARIABLE RATE DEMAND CIVIC FACILITY REVENUE BONDS (CENTRAL SUFFOLK HOSPITAL PROJECT) SERIES 2006B (THE "SERIES 2006B BONDS"), TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY VARIABLE RATE DEMAND CIVIC FACILITY REVENUE BONDS (CENTRAL SUFFOLK HOSPITAL PROJECT) SERIES 2006C (THE "SERIES 2006C BONDS" AND TOGETHER WITH THE SERIES 2006A, BONDS AND THE SERIES 2006B BONDS THE "SERIES 2006 BONDS"), AND THE TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY VARIABLE RATE DEMAND CIVIC FACILITY REVENUE BONDS (CENTRAL SUFFOLK HOSPITAL PROJECT) SERIES 2007 (THE "SERIES 2007 BONDS").

WHEREAS, the Town of Riverhead Industrial Development Agency (the "Agency") is authorized and empowered by Title 1 of Article 18-A of the General Municipal Law of the State of New York (the "State") and Chapter 624 of the Laws of 1980 of the State (collectively, the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing certain facilities 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, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, on June 19, 2006, the Agency issued the Series 2006 Bonds and on June 25, 2007 the Agency issued the Series 2007 Bonds, in each case at a time when the Agency possessed the authority to act in connection with civic facilities, which authority has since lapsed; and

WHEREAS, Central Suffolk Hospital, a not-for-profit corporation organized and existing under the laws of the State doing business as Peconic Bay Medical Center (the "Hospital"), intends to cause an Alternate Credit Facility, dated as of May 30, 2012 (the "Alternate Credit Facility") to be delivered to The Bank of New York Mellon the trustee (the "Trustee") and tender agent (the "Tender Agent"), under the Trust Indenture, dated as of June 1, 2006, as amended by the First Supplemental Indenture, dated as of June 1, 2007 (the "Indenture"), between the Agency and the Trustee, for the Series 2006 Bonds and the Series 2007 Bonds in substitution for the HSBC Bank USA, National Association Letter of Credit now in effect (the "Existing Credit Facility") for the Series 2006 Bonds and the Series 2007 Bonds; and

WHEREAS, the Alternate Credit Facility will be in the form of four irrevocable direct-pay letters of credit (collectively, the "Letter of Credit") to be issued by Manufacturers and Traders Trust Company on May 30, 2012 (the "Substitution Date") pursuant to a Letter of Credit and Reimbursement Agreement, between the Hospital and Manufacturers and Traders Trust Company (the "Reimbursement Agreement"); and

WHEREAS, the Series 2006 Bonds and the Series 2007 Bonds will be subject to mandatory tender for purchase on or about May 30, 2012 (the "Tender Date"), at a purchase price equal to 100% of the principal amount thereof, without premium, plus accrued and unpaid interest thereon, if any to the Tender Date, payable from amounts drawn under the Existing Credit Facility; and

WHEREAS, as a result of the substitution of the Existing Credit Facility, any ratings applicable to the Series 2006 Bonds and the Series 2007 Bonds may be withdrawn or reduced; and

WHEREAS, as a condition precedent to the Reimbursement Agreement the Hospital will have to pledge and assign its security interest pursuant to an Amended and Restated Pledge, Security Agreement and Assignment; and

WHEREAS, Manufactures and Traders Trust Company will only issue the Letter of Credit if the Hospital executes and delivers an Environmental Guaranty, Security and Indemnification Agreement; and

WHEREAS, in order to accurately reflect the agreements between Manufacturers and Traders Trust Company, the Hospital will enter into a Mortgage Modification Agreement with Manufacturers and Traders Trust Company.

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

1. Based upon the representations made by the Hospital to the Agency, the Agency hereby finds and determines:

The substitution of the Existing Credit Facility with the Alternate Credit Facility will result in no major impacts and, therefore, the Town Board of the Town of Riverhead hereby authorizes the substitution and approves in form and substance each of (i) the Supplement to the Official Statements in substantially the form attached hereto as Exhibit A, with such additions or changes as may be determined advisable by Chair with the advice of bond counsel, (ii) the Letter of Credit and Reimbursement Agreement, between the Hospital and Manufactures and Traders Trust Company in substantially the form attached hereto as Exhibit B, with such additions or changes as may be determined advisable by Chair with the advice of bond counsel (iii) the Amended and Restated Pledge, Security Agreement and Assignment in substantially the form attached hereto as Exhibit C, with such additions or changes as may be determined advisable by Chair with the advice of bond counsel (iv) the Environmental Guaranty, Security and Indemnification Agreement in substantially the form attached hereto as Exhibit D, with such additions or changes as may be determined advisable by Chair with the advice of bond counsel and (v) Mortgage Modification Agreement in the form attached hereto as Exhibit E, with such additions or changes as may be determined advisable by Chair with the advice of bond counsel. In each case the execution by the Chair, or the Executive Director if authority to so execute is delegated to the Executive Director by the Chair, shall constitute a determination that the form of the executed document is acceptable in the form signed and that the changes and additions thereto have been determined to be advisable.

2. Any and all actions taken by the officers and other appropriate officials of the Agency and/or the Hospital in connection with the substitution of the Existing Credit Facility with the Alternate Credit Facility are hereby authorized, ratified and approved, and the Chair and Executive Director of the Agency are authorized to take such actions as they deem necessary or convenient to effectuate the substitution for the Existing Credit Facility. Fulbright & Jaworski L.L.P., bond counsel to the Agency, is hereby authorized and directed to review and provide advice on the matters addressed in this resolution.

5. All fees and expenses of the Agency and its counsel and bond counsel shall be paid by the Hospital. The Agency shall collect a fee of \$1200.00 in connection with this transaction at the time of delivery of executed documents by the Agency. The Hospital shall furnish indemnification satisfactory in form to the Chair as a condition to the participation of the Agency in the transaction.

6. In the event the Series 2006 Bonds or the Series 2007 Bonds are to be sold publicly, the Hospital shall provide a Continuing Disclosure Agreement in form satisfactory to the Chair or the Executive Director and shall provide such financial and other information appropriate to effect compliance with the requirements of Rule 15c2-12 as interpreted in SEC Release No. 34-62184.

A copy of this resolution, together with all exhibits hereto, shall be placed on file in the office of the Agency where the same shall be available for public inspection during business hours. The officers and other appropriate officials of the Agency are hereby authorized to distribute copies of this resolution and to take such other actions as may be necessary or convenient to implement the provisions of this resolution, including, without limitation, all filings, postings and publications hereof as may be necessary.

7. This resolution shall take effect immediately.

VOTE: 4 Yes
1 Absent

ADOPTED: May 14, 2012

EXHIBIT A

SUPPLEMENT TO THE OFFICIAL STATEMENT

EXHIBIT B

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

EXHIBIT C

AMENDED AND RESTATED PLEDGE, SECURITY AGREEMENT AND ASSIGNMENT

EXHIBIT D

ENVIRONMENTAL GUARANTY, SECURITY AND INDEMNIFICATION AGREEMENT

EXHIBIT E

MORTGAGE MODIFICATION AGREEMENT

Date for the next business meeting is June 4, 2012

Lou Kalogeras motioned to adjourn the meeting, Dawn Thomas seconded.
There being no further business, the meeting was adjourned at 5:13pm

6-7-12
Date

Conf. Sabat
Secretary