

**BOND RESOLUTION
HUDSON HERITAGE FEDERAL CREDIT UNION PROJECT**

A special meeting of Town of Montgomery Industrial Development Agency (the "Agency") was convened in public session at the Town Government Center located at 110 Bracken Road in the Town of Montgomery, Orange County, New York on November 7, 2011 at 5:30 p.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:

Edwin Williams	Vice Chairperson
F. Edward Devitt	Second Vice Chairperson
Stephen Rainaldi	Secretary
Michael Hayes	Member

ABSENT:

Alice Dickinson	Chairperson
Donna Jennings	Treasurer
Richard A. Lomazzo	Member

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

Suzanne Hadden	Clerk
Nadene E. Zeigler, Esq.	Agency Counsel

The following resolution was offered by f. Edward Devitt, seconded by Michael Hayes, to wit:

Resolution No. 01111-__

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE BY TOWN OF MONTGOMERY INDUSTRIAL DEVELOPMENT AGENCY OF ITS GENERAL OBLIGATION PILOT PROTECTION BOND (HUDSON HERITAGE FEDERAL CREDIT UNION PROJECT), SERIES 2011A IN THE PRINCIPAL AMOUNT OF ONE HUNDRED DOLLARS (\$100.00) AND THE EXECUTION OF VARIOUS DOCUMENTS RELATED THERETO.

WHEREAS, Town of Montgomery 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 527 of the 1971 Laws of New York, as amended, constituting Section 911-c 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 industrial, manufacturing, warehousing, commercial, research and recreation 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 issue its bonds for any of its corporate purposes without limitation as to amount; and

WHEREAS, in August, 2011, Hudson Heritage Federal Credit Union (the "Company"), a federal credit union duly organized and validly existing under the laws of the laws of the United States of America, presented an application (the "Application") to the Agency, which Application requested that the Agency consider undertaking a project (the "Project") for the benefit of the Company, said Project to include the following: (A) (1) the acquisition of an interest in a parcel or parcels of land containing in the aggregate approximately .70 acres currently with addresses of 17 Walnut Street and 1059 State Route 17K (currently having tax map nos.: 22-1-15 and 22-1-14) in the Town of Montgomery, Orange County, New York (the "Land"), together with 3 buildings containing in the aggregate approximately 2,890 square feet of space located thereon (collectively, the "Existing Facility"), (2) the demolition of the Existing Facility, (3) the construction on the Land of an approximately 2,982 square foot building (the "Facility") and (4) the acquisition and installation therein and thereon of machinery and equipment (the "Equipment") (the Land, the Existing Facility, the Facility and the Equipment hereinafter collectively referred to as the "Project Facility"), all of the foregoing to be used by the Company as a financial branch center for banking services and other related uses; (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, at this time expected to be limited to potential exemptions from real property taxes (the "Financial Assistance"); and (C) 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 minutes of a meeting held by the Agency on August 22, 2011 (the "Public Hearing Authorization"), the Agency authorized a public hearing to be held pursuant to Section 859-a of the Act with respect to the Project; and

WHEREAS, pursuant to the authorization contained in the Public Hearing Authorization, the Chairperson of the Agency (A) caused notice of a public hearing of the Agency (the "Public Hearing") pursuant to Section 859-a of the Act, 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 August 31, 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 August 31, 2011 at the Town Government Center located at 110 Bracken Road in the Town of Montgomery, Orange County, New York, (C) caused notice of the Public Hearing to be published on September 7, 2011 in the Wallkill Valley Times, a newspaper of general circulation available to the residents of the Town of Montgomery, Orange County, New York, (D) conducted the Public Hearing on September 19, 2011 at 5:30 o'clock p.m., local time at the offices of the Agency located at 110 Bracken Road in the Town of Montgomery, Orange County, New York, and (E) prepared a report of the Public Hearing (the "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

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 September 19, 2011 (the "SEQR Resolution"), the Agency determined (A) that the Project constituted an "Unlisted Action" under SEQRA, (B) that the Project would not have a "significant effect on the environment" pursuant to SEQRA and, therefore, that no environmental impact statement need 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 September 19, 2011 (the "Approving Resolution"), the Agency determined to grant the Financial Assistance and to enter into a lease agreement dated as of November 1, 2011 (the "Lease Agreement") between the Agency and the Company and certain other documents related thereto and to the Project; and

WHEREAS, to effectuate a real property tax exemption with respect to the Project Facility by reason of the involvement of the Agency with the Project, (A) the Company and the Agency will execute and deliver a payment in lieu of tax agreement dated as of November 1, 2011 (the "Payment in Lieu of Tax Agreement") by and between the Company and the Agency, pursuant to which the Company will agree to pay certain payments in lieu of taxes with respect to the Project Facility to the Affected Tax Jurisdictions, and (B) the Agency will file with the appropriate assessor or assessors having jurisdiction over the Project Facility (each, an "Assessor") and mail to the chief executive officer of each Affected Tax Jurisdiction a copy of a New York State Board of Real Property Services Form RP-412-a (the form required to be filed by the Agency in order for the Agency to obtain a real property tax exemption with respect to the Project Facility under Section 412-a of the Real Property Tax Law) (a "Real Property Tax Exemption Form") relating to the Project Facility and the Payment in Lieu of Tax Agreement (the Lease Documents and the Payment in Lieu of Tax Agreement being sometimes collectively referred to as the "Basic Documents"); and

WHEREAS, to ensure that the Company receives the expected benefits of said real property tax exemption with respect to the Project Facility for the duration of the term of the Lease Agreement and the related Payment in Lieu of Tax Agreement, the Agency now proposes to issue its General Obligation Pilot Protection Bond (Hudson Heritage Federal Credit Union Project), Series 2011A in the principal amount of One Hundred Dollars (\$100) (the "Pilot Protection Bond") for the purpose of complying with the requirements of Section 882 of the Enabling Act necessary to preserve the existence of the Agency during the term of the Lease Agreement and the related Payment in Lieu of Tax Agreement; and

WHEREAS, the Pilot Protection Bond is to be issued under this resolution (the "Bond Resolution") and the provisions of Section 5.6 of the Lease Agreement (said Section of the Lease Agreement is sometimes hereinafter referred to as the "Pilot Bond Purchase Agreement") and is to be purchased by the Company as original purchaser of the Pilot Protection Bond (the Company, in its capacity as original purchaser of the Pilot Protection Bond, as well as its registered successors and assigns as holder of the Pilot Protection Bond, is hereinafter referred to as the "Pilot Bondholder"); and

WHEREAS, the Pilot Protection Bond will not be secured by any collateral, and may not be prepaid without the consent of the Pilot Bondholder;

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

Section 1. The Agency hereby finds and determines that it is desirable and in the public interest for the Agency to issue and sell the Pilot Protection Bond in the principal amount of principal amount of One Hundred Dollars (\$100) upon the terms and conditions set forth in the Pilot Bond Purchase Agreement for the purpose of financing a portion of the costs of the Project, together with necessary incidental expenses in connection therewith.

Section 2. In consequence of the foregoing, the Agency hereby determines to: (A) issue the Pilot Protection Bond on the terms and conditions set forth in the Pilot Bond Purchase Agreement and (B) sell the Pilot Protection Bond to the Pilot Bondholder pursuant to the terms set forth in the Pilot Bond Purchase Agreement.

Section 3. The Agency is hereby authorized to acquire an interest in the Project Facility pursuant to the Lease to Agency and the License to Agency (collectively, the “Conveyance Documents”) 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 of the Project Facility are hereby approved, ratified and confirmed.

Section 4. The form and substance of the Pilot Bond Purchase Agreement and the Pilot Protection Bond (hereinafter collectively called the “Pilot Protection Bond Documents”) are hereby approved.

Section 5. The Agency is hereby authorized to issue, execute, sell and deliver to the Pilot Bondholder its Pilot Protection Bond in the principal amount of One Hundred Dollars (\$100), in the form heretofore approved in Section 4 of this Bond Resolution, against receipt of the purchase price thereof, all pursuant to the Act and in accordance with the provisions of this Bond Resolution and the Pilot Bond Purchase Agreement, provided that:

(A) The Pilot Protection 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 Agency shall determine, and (2) bear interest at the rate of five percent (5%) per annum, 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 Pilot Protection Bond and in the Pilot Bond Purchase Agreement or as are hereinafter approved by the Chairman or Vice Chairman of the Agency in accordance with Section 6 hereof, 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 Pilot Protection Bond shall be issued solely for the purposes of (1) complying with the requirements of Section 882 of the Enabling Act necessary to preserve the existence of the Agency during the term of the Lease Agreement and the related Payment in Lieu of Tax Agreement and (2) providing funds to finance a portion of the administrative, legal, financial and other expenses of the Agency in connection with the Project and the Project Facility and incidental to the issuance of the Pilot Protection Bond.

(C) Neither the members nor officers of the Agency, nor any person executing the Pilot Protection Bond or any of the Pilot Bond Financing Documents (as hereinafter defined) on behalf of the Agency, shall be liable thereon or be subject to any personal liability or accountability by reason of the execution, issuance or delivery thereof. The Pilot Protection Bond and the interest thereon are not and shall never be a debt of the State of New York, or Town of Montgomery, New York or any political subdivision thereof (other than the Agency), and neither the State of New York, or Town of Montgomery, New York nor any political subdivision thereof (other than the Agency) shall be liable thereon.

(D) The Pilot Protection Bond, together with interest payable thereon, shall be a general obligation of the Agency.

Section 6. The Chairman (or Vice Chairman) of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Pilot Protection Bond Documents and the other documents to be executed by the Agency in connection therewith (collectively with the Pilot Protection Bond Documents, the “Pilot Bond Financing 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

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.

Section 7. 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 Pilot Bond 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 this Bond Resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Pilot Bond Financing Documents binding upon the Agency.

Section 8. This Bond Resolution shall take effect immediately and the Pilot Protection 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:

Alice Dickinson	VOTING	<u>ABSENT</u>
Edwin Williams	VOTING	<u>YES</u>
F. Edward Devitt	VOTING	<u>YES</u>
Donna Jennings	VOTING	<u>ABSENT</u>
Stephen Rainaldi	VOTING	<u>YES</u>
Michael Hayes	VOTING	<u>YES</u>
Richard A. Lomazzo	VOTING	<u>ABSENT</u>

The foregoing Bond Resolution was thereupon declared duly adopted.

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

I, the undersigned (Assistant) Secretary of Town of Montgomery 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 November 7, 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 7th day of November, 2011.



(Assistant) Secretary

(SEAL)