

**BOND RESOLUTION
THE CEDARS APARTMENTS PROJECT**

A regular meeting of Town of Montgomery Industrial Development Agency (the "Issuer") was convened in public session in the Town Hall located at 110 Bracken Road in the Town of Montgomery, Orange County, New York on May 11, 2015 at 5:30 p.m., local time.

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

PRESENT:

F. Edward Devitt	Chairman
Edwin F. Williams, Jr.	First Vice Chairperson
Stephen Rainaldi	Second Vice Chairperson
Donna Jennings	Treasurer
Richard Lomazzo	Secretary
Michael Hayes	Member

ABSENT:

Donna Jennings Treasurer

ISSUER STAFF PRESENT INCLUDED THE FOLLOWING:

Suzanne Hadden	Clerk
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Resolution No. ___

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE BY TOWN OF MONTGOMERY INDUSTRIAL DEVELOPMENT AGENCY OF ITS MULTIFAMILY HOUSING REVENUE BONDS (THE CEDARS APARTMENTS PROJECT), SERIES 2015 IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$8,500,000 AND THE EXECUTION OF VARIOUS DOCUMENTS RELATED THERETO.

WHEREAS, the Issuer 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 manufacturing, warehousing, research, commercial and industrial 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 Issuer is authorized and empowered under the Act to issue its revenue bonds to finance the cost of the acquisition, construction, reconstruction and installation of one or more "projects" (as defined in the Act), to acquire, construct, reconstruct and install said projects or to cause said projects to be acquired, constructed, reconstructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, Walden Preservation, L.P., a to-be formed affiliate of The Related Companies, Inc. (the "Company") presented an application (the "Application") to the Issuer, which Application requested that the Issuer consider undertaking a project (the "Project") for the benefit of the Company or such other person or entity as may be designated by the Company and agreed upon by the Issuer, said Project to consist of the following: (A)(1) the acquisition of certain parcels of land containing approximately 5.33 acres located at 400 Cliff Street and 55 Main Street in the Village of Walden, Town of Montgomery, Orange County, New York (the "Land") together with the five existing housing buildings containing 89 apartments totaling approximately 80,000 square feet (the "Facility"), (2) the renovation of the Facility, and (3) the acquisition and installation therein and thereon of machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment hereinafter 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 tax-exempt revenue bonds of the Issuer in one or more issues 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 \$7,600,000 and in no event to exceed \$8,500,000 (the "Bonds"); (C) the granting of certain other "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including exemption from certain sales taxes, deed transfer taxes, mortgage recording taxes and real property taxes (collectively with the Bonds, the "Financial Assistance"); and (D) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person or entity as may be designated by the Company and agreed upon by the Issuer; and

WHEREAS, pursuant to the authorization contained in a resolution of the Issuer adopted by the members of the Issuer on February 19, 2015 (the "Preliminary Inducement Resolution"), the Chief Executive Officer of the Issuer (A) established the time, date and place for a public hearing of the Issuer (the "Public Hearing") pursuant to Section 859-a of the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), to hear all persons interested in the nature and location of the Project Facility and the issuance of the Obligations, said Public Hearing to be held in a city, town or village where the Project Facility is or is to be located; (B) caused the Public Hearing Notice to be posted at offices of the Issuer, (C) caused the Public Hearing Notice to be published in the Wallkill Valley Times, a newspaper of general circulation available to the residents of the Town of Montgomery, New York, (D) caused the Public Hearing Notice to be mailed on February 26, 2015 to the chief executive officer of the county and of each city, town, village and school district in which the Project Facility is or is to be located; (E) conducted the Public Hearing on March 16, 2015 at 5:30 o'clock p.m., local time at the offices of the Issuer located at 110 Bracken Road in the Town of Montgomery, Orange County, New York; (G) caused a report of the Public Hearing fairly summarizing the views presented at such Public Hearing (the "Report") to be prepared; (H) caused a copy of the Report to be made available to the members of the Issuer and (I) caused a copy of the Report to be made available to the Town Board of the Town of Montgomery, New York (the "Town Board"); and

WHEREAS, by resolution adopted by the members of the Issuer on May 11, 2015 (the "SEQR Resolution"), the Issuer determined that the Project constituted a "Type II action" (as such quoted term is defined under SEQRA), and therefor that no further action with respect to the Project was required under SEQRA; and

WHEREAS, the Issuer will now authorize the issuance of its Multifamily Housing Revenue Bonds (The Cedars Apartments Project), Series 2015 in the aggregate principal amount of not to exceed \$8,500,000 (the "Bonds") for the purpose of financing a portion of the costs of the Project; and

WHEREAS, the Bonds are to be issued under this resolution (the "Bond Resolution") and a trust indenture dated as of June 1, 2015 (the "Indenture") by and between the Issuer and a to-be-determined trustee (the "Trustee") for the holders of the Bonds; and

WHEREAS, it is expected that the Bonds will be initially purchased by Wells Fargo Municipal Capital Strategies, LLC (the "Holder") pursuant to a bond purchase agreement among the Issuer, the Company and the Holder (the "Bond Purchase Agreement"); and

WHEREAS, prior to or simultaneously with the issuance of the Bonds, (A) the Company and the Issuer will execute and deliver a certain lease agreement (the "Underlying Lease"), pursuant to which the Company has agreed to lease the Project Facility to the Issuer, (B) the Company will execute and deliver a bill of sale dated as of June 1, 2015 (the "Bill of Sale to Issuer") from the Company to the Issuer, pursuant to which the Company will convey to the Issuer the Company's interest in the portion of the Project Facility constituting fixtures and other personal property, (C) the Issuer will execute and deliver (1) a certain installment sale agreement dated as of June 1, 2015 by and between the Issuer and the Company (the "Installment Sale Agreement"), and (2) certain other documents related to the Project and to the Bonds, (D) a recapture agreement (the "Section 875 GML Recapture Agreement") by and between the Company and the Issuer, required by the Act, regarding the recovery or recapture of certain sales and use taxes (collectively with the Indenture, the Bond Purchase Agreement, and the Installment Sale Agreement, the "Basic Documents"), and (E) the "Security Documents" (as defined in Section 3.1 of the Installment Sale Agreement, including but not limited to the Mortgage); and

WHEREAS, pursuant to the terms of the Installment Sale Agreement, (A) the Company will agree (1) to cause the Project to be undertaken and completed, (2) as agent of the Issuer, to undertake and complete the Project, (3) to purchase the Project Facility from the Issuer, and (4) to make certain installment purchase payments to or upon the order of the Issuer as the purchase price for the Project Facility, which installment purchase payments shall include amounts equal to the debt service payments due on the Bonds, and (B) the Issuer will agree to (1) undertake the Project, (2) appoint the Company as agent of the Issuer to undertake and complete the Project, and (3) sell the Project Facility to the Company; and

WHEREAS, as security for the Bonds, the Issuer will execute and deliver to the Trustee a pledge and assignment dated as of June 1, 2015 (the "Pledge and Assignment") from the Issuer to the Trustee, which Pledge and Assignment will assign to the Trustee certain of the Issuer's rights under the Installment Sale Agreement. Pursuant to the Pledge and Assignment, installment purchase payments made by the Company under the Installment Sale Agreement are to be paid directly to the Trustee; and

WHEREAS, pursuant to the terms of the Indenture and the Basic Documents, the proceeds of the Bonds will be deposited by the Trustee into the Project Fund created under the Indenture to be applied to pay the costs of the Project, but only upon satisfaction of the requirements for making such disbursements set forth in the Indenture, in the Installment Sale Agreement and in the other Basic Documents; and

WHEREAS, pursuant to Section 146 of the Code, the Issuer has previously applied to the New York Department of Economic Development ("NYSDED") for an allocation of private activity bond volume cap ("Volume Cap") for the Bonds; and

WHEREAS, to demonstrate compliance with the provisions of the Code relating to the issuance of tax-exempt obligations, (A) the Issuer will (1) execute an arbitrage certificate dated the date of delivery of the Bonds (the "Arbitrage Certificate") relating to certain requirements set forth in Section 148 of the Code relating to the Bonds, (2) execute a completed Internal Revenue Service Form 8038 (Information Return for Private Activity Bonds) relating to the Bonds (the "Information Return") pursuant to Section 149(e) of the Code, and (3) file the Information Return with the Internal Revenue Service, (B) the Company will execute (1) a land use restriction agreement dated as of June 1, 2015 (the "Land Use Restriction Agreement") relating to certain requirements in Sections 142 of the Code, and (2) a tax regulatory agreement dated the Closing Date (the "Tax Regulatory Agreement") relating to the requirements in Sections 142, 146, 147, 148 and 149 of the Code, and (C) the Holder will execute a letter (the "Issue Price Letter") confirming the issue price of the Bonds on the Closing Date for purposes of Section 148 of the Code;

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

Section 1. The Issuer hereby finds and determines that:

(A) By virtue of the Act, the Issuer 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; and

(B) The acquisition, construction, reconstruction, renovation and installation of the Project Facility constitutes a "project", as such term is defined in the Act; and

(C) The acquisition, reconstruction, renovation and installation of the Project Facility and the sale thereof to the Company will promote and maintain the job opportunities, general prosperity and economic welfare of the citizens of the Town of Montgomery, New York and the State of New York and improve their standard of living; and

(D) It is desirable and in the public interest for the Issuer to issue and sell the Bonds upon the terms and conditions set forth in the Indenture and the 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 Issuer hereby determines to: (A) issue the Bonds on the terms and conditions set forth in the Indenture, (B) sell the Bonds to the Holder pursuant to the terms set forth in the Indenture and the Bond Purchase Agreement, (C) use the proceeds of the Bonds held by the Trustee under the Indenture to pay a portion of the costs of issuance of the Bonds and a portion of the costs of the Project, (D) secure the Bonds by assigning to the Trustee pursuant to the Pledge and Assignment certain of the Issuer's rights under the Installment Sale Agreement, including the right to collect and receive certain amounts payable thereunder, (E) further secure the Bonds by granting to the Trustee certain liens related to the Project Facility pursuant to any Security Documents, (F) allocate to the Bonds such portion of the Issuer's Volume Cap for calendar year 2015 sufficient to meet the requirements of Section 146 of the Code applicable to the Bonds; (G) execute the Arbitrage Certificate and the Information Return with respect to the Bonds, and (H) file the Information Return with the IRS.

Section 3. The Issuer is hereby authorized to acquire an interest in the Project Facility pursuant to the Lease to Issuer and the Bill of Sale to Issuer (collectively, the "Conveyance Documents") and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Issuer with respect to such acquisition of the Project Facility are hereby approved, ratified and confirmed.

Section 4. The form and substance of the Conveyance Documents, the Installment Sale Agreement, the Indenture, the Bonds, the Pledge and Assignment, the Bond Purchase Agreement, the Arbitrage Certificate, the Information Return, the other Basic Documents, and any documents necessary and incidental thereto including, but not limited to, any documents approved by counsel to the Issuer (collectively with the Basic Documents, the "Issuer Documents") are hereby approved.

Section 5. Subject to receipt by the Issuer of a resolution adopted by the Town Board of the Town of Montgomery, New York approving issuance of the Bonds for purposes of Section 147(f) of the Code, the Issuer is hereby authorized to issue, execute, sell and deliver to the Trustee for authentication its Bonds in the aggregate principal amount of not to exceed \$8,500,000, or so much thereof as shall have been approved for purchase by the Holder pursuant to the terms of the final Bond Purchase Agreement, in the form heretofore approved in Section 4 of this Bond Resolution, and upon authentication thereof the Trustee is hereby authorized to deliver said Bonds to the purchasers thereof against receipt of the purchase price thereof, all pursuant to the Act and in accordance with the provisions of the Indenture, this Bond Resolution and the Bond Purchase Agreement, provided that:

(A) The Bonds 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 Issuer shall determine, and (2) bear interest at the rate or rates, 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 Bonds and the Indenture or as are hereinafter approved by the Chairman (or Vice Chairman) of the Issuer 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 Bonds shall be issued solely for the purpose of providing funds to finance (1) the costs of the Project as described in the Issuer Documents, and (2) all or a portion of the administrative, legal, financial and other expenses of the Issuer in connection with the Project and the Project Facility and incidental to the issuance of the Bonds.

(C) Neither the members nor officers of the Issuer, nor any person executing the Bonds or any of the Financing Documents (as hereinafter defined) on behalf of the Issuer, shall be liable thereon or be subject to any personal liability or accountability by reason of the execution, issuance or delivery thereof. The Bonds 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 Issuer), and neither the State of New York, or Town of Montgomery, New York nor any political subdivision thereof (other than the Issuer) shall be liable thereon.

(D) The Bonds, together with interest payable thereon, shall be special obligations of the Issuer payable solely from certain of the revenues and receipts derived from the leasing or other disposition of the Project Facility or from the enforcement of the security provided by the Financing Documents (as hereinafter defined) and the other security pledged to the payment thereof.

(E) Notwithstanding any other provision of this Bond Resolution, the Issuer covenants that it will make no use of the proceeds of the Bonds or of any other funds of the Issuer (other than the Issuer's administrative fees) which, if said use had been reasonably expected on the date of issuance of the Bonds, would have caused any of the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code.

Section 6. (A) The Chairman (or Vice Chairman) or Chief Executive Officer of the Issuer is hereby authorized, on behalf of the Issuer, to execute and deliver the Issuer Documents and the other documents related thereto (collectively with the Issuer Documents, the "Financing Documents"), and, where appropriate, the Secretary (or Assistant Secretary) of the Issuer is hereby authorized to affix the seal of the Issuer 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) or Chief Executive Officer to constitute conclusive evidence of such approval.

(B) The Chairman (or Vice Chairman) of the Issuer is hereby further authorized, on behalf of the Issuer, to designate any additional Authorized Representatives of the Issuer (as defined in and pursuant to the Installment Sale Agreement).

Section 7. The officers, employees and agents of the Issuer are hereby authorized and directed for and in the name and on behalf of the Issuer to do all acts and things required or provided for by the provisions of the Basic 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 Issuer with all of the terms, covenants and provisions of the Basic Documents binding upon the Issuer.

Section 8. This Bond Resolution shall take effect immediately and the Bonds are hereby ordered to be issued in accordance with this Bond Resolution.

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

F. Edward Devitt	VOTING	<u>AYE</u>
Edwin F. Williams, Jr.	VOTING	<u>AYE</u>
Stephen Rainaldi	VOTING	<u>AYE</u>
Donna Jennings	VOTING	<u>ABSENT</u>
Richard Lomazzo	VOTING	<u>AYE</u>
Michael Hayes	VOTING	<u>AYE</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 "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 May 11, 2015 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 11th day of May, 2015.



(Assistant) Secretary

(SEAL)