

**BOND RESOLUTION
(MILLBROOK SCHOOL PROJECT) SERIES 2013**

A special meeting of the Board of Directors of Dutchess County Local Development Corporation (the "Issuer") was convened in public session in the offices of the Issuer located at Three Neptune Road, Town of Poughkeepsie, Dutchess County, New York on August 20, 2013 at 8:00 o'clock a.m., local time.

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

PRESENT:

ABSENT:

ALSO PRESENT:

Donald Cappillino	Counsel
Catherine A. Maloney	Chief Executive Officer

The following resolution was offered by _____, seconded by _____, to wit:

RESOLUTION AUTHORIZING THE ISSUANCE, EXECUTION, SALE AND DELIVERY BY DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION OF ITS TAX-EXEMPT REVENUE BONDS (MILLBROOK SCHOOL PROJECT) IN TWO SERIES IN THE AGGREGATE PRINCIPAL AMOUNT PRESENTLY ESTIMATED TO BE \$23,000,000 BUT NOT TO EXCEED \$30,000,000 AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND INSTRUMENTS IN CONNECTION THEREWITH.

WHEREAS, 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"); and pursuant to the provisions of the Enabling Act and Revenue Ruling 57-187 and Private Letter Ruling 200936012, the County Legislature of Dutchess County, New York (the "County") adopted a resolution on April 12, 2010 (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; and in April, 2010, 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 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, on July 8, 2013, Millbrook School, Incorporated (the "School"), a New York education corporation, 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 School, said Project to consist of the following:

(A) Paying and reimbursing the School for costs of the construction, installation, renovation, improvement, furnishing and equipping of (i) an approximately 20,000 square foot, two-story, 44-bed new girls dormitory, including four faculty housing units; (ii) an approximately 10,000 square foot, one-story facilities building; (iii) an approximately 20,000 square foot, two-story dining hall; and (iv) various additional capital projects, including without limitation the existing Schoolhouse, existing dorms, and Callard House (collectively, the "Facility");

(B) Refunding the Dutchess County Industrial Development Agency's Civic Facility Revenue Bonds, Series 2008 (Millbrook School, Incorporated Civic Facility) (the "2008 Bonds"), originally issued in the aggregate principal amount of \$8,000,000 for the purposes of (i) financing the installation, construction, furnishing, and equipping of a three-story, approximately 25,000 square foot Math and Science Center classroom building on housing: (A) four science classrooms with attached labs: chemistry, biology, physics, and general sciences, with appropriate prep and storage to support these labs and advanced study areas; (B) five new math classrooms, as well as storage for academic support materials; (C) a shared faculty office, meeting space and a conference area; (ii) leasing (with option to purchase) or selling the Facility to the School, pursuant to Article 18-A of the N.Y. General Municipal Law, as amended, and Chapter 335 of the Laws of 1977 of the State of New York (collectively the "Act"); and (iii) paying costs of issuance of the 2008 Bonds;

(C) Refunding advances made under the School's existing revolving loan agreement with Brown Brothers Harriman & Co., which was entered into to fund costs of construction, installation, renovation, improvement, furnishing and equipping of: (i) the Student Center (known as The Barn); (ii) an extension of the squash facility, including four new squash

courts; (iii) a new health center; and (iv) the conversion of the former health center to function as a dormitory;

(D) Paying redemption premium, if any, in connection with the refunding of the 2008 Bonds;

(E) Funding any debt service reserve fund to be pledged to secure the Bonds;
and

(F) Paying certain incidental expenses incurred in connection therewith; and

WHEREAS, in response to the receipt by the Issuer of the Application, the Chair of the Issuer (A) caused notice of a public hearing of the Issuer (the “Public Hearing”) pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”) to hear all persons interested in the Project and the financial assistance being contemplated by the Issuer with respect to the Project, to be published on July 31, 2013 in the *Poughkeepsie Journal*, a newspaper of general circulation available to the residents of the Town of Poughkeepsie, New York, (B) caused notice of the Public Hearing to be mailed on July 31, 2013 to the chief executive officers of the county and of each city, town, village and school district in which the Project Facility is (or will be) located, (C) conducted the Public Hearing on August 15, 2013 at 9:30 o’clock, a.m., local time at the Town of Stanford Town Hall, Town Board Room, 26 Town Hall Road, Stanfordville, New York, and (D) caused a transcript report of the Public Hearing to be made (the “Public Hearing Report”) which fairly reported the views presented at such Public Hearing and caused copies of said Public Hearing Report to be made available to the members of the board of directors of the Issuer and to the County Executive of Dutchess County, New York (the “County Executive”); and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted by the Department of Environmental Conservation of the State of New York (the laws and regulations hereinafter collectively referred to as “SEQRA”), the Issuer must determine now whether the financing of the Project by the Issuer may have a significant effect on the environment and therefore require the preparation of an Environmental Impact Statement; and

WHEREAS, to aid the Issuer in determining whether the financing, construction, installation, furnishing, equipping and improving of the Project Facility may have a significant impact on the environment, the School has submitted to the Issuer: (a) an application and (b)(i) the December 31, 2007 Full Environmental Assessment Form for Form for Millbrook School 2006 Master Plan Phase II; (ii) the July 14, 2009 Environmental Assessment Form Addendum; and (iii) the September 30, 2009 Negative Declaration of the Town of Stanford Planning Board as Lead Agency under SEQRA for the Millbrook School Master Plan Phase 2 Project (the “Master Plan – Phase 2 Project Environmental Determination”); and (c)(i) the May 9, 2013 Full Environmental Assessment Form for the Millbrook School Girls Dorm Project; and the June 26, 2013 Negative Declaration of the Town of Stanford Planning Board as Lead Agency under SEQRA for the Millbrook School Girls Dorm Project (the “Girls Dorm Project Environmental Determination”) (collectively, the Master Plan – Phase 2 Project Environmental Determination

and the Girls Dorm Project Environmental Determination are referred to as the “Environmental Determinations”); and

WHEREAS, the Town of Stanford Planning Board conducted a coordinated review under SEQRA in making the Environmental Determinations and the Issuer was not named as an Involved Agency only because the School had not determined to seek financial assistance from the Issuer at the time the Environmental Determinations were undertaken; and

WHEREAS, by resolution adopted by the members of the Board of Directors of the Issuer on July 22, 2013 (the “Preliminary Resolution”), the Board of Directors of the Issuer determined to proceed with the Project and to enter into a Preliminary Agreement with the School (the “Preliminary Agreement”) relating to the Project; and

WHEREAS, the Issuer, the School and RBS Citizens, N.A., as bond purchaser (the “Purchaser”) will enter into a Bond Purchase and Loan Agreement dated as of the date of delivery of the Bonds (the “Agreement”) pursuant to the terms of which (A) the Issuer will issue, under this Bond Resolution (this “Bond Resolution”), its Revenue Bonds (Millbrook School Project), Series 2013A and its Revenue Bonds (Millbrook School Project), Series 2013B in the aggregate principal amount presently estimated to be \$23,000,000 but not to exceed \$30,000,000 (collectively, the “Bonds”), (B) the Issuer will sell to the Purchaser the Bonds and lend the proceeds thereof to the School to finance the Project, and (C) the School will make certain payments to or upon the order of the Issuer, which payments shall include amounts equal to the debt service payments due on the Bonds; and

WHEREAS, as evidence of its indebtedness under the Agreement, the School will execute two promissory notes (collectively, the “Notes”) to the Issuer in the amount of each respective series of Bonds, which Notes shall be assigned by the Issuer to the Purchaser; and

WHEREAS, to demonstrate compliance with the provisions of the Code relating to the issuance of tax-exempt obligations, (A) the Issuer will 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 file the Information Return with the Internal Revenue Service; and (B) the Issuer and the School will execute a Tax Compliance Certificate dated the date of delivery of the Bonds (the “Tax Compliance Certificate”) relating to the requirements in Sections 145 through 150 of the Code relating to the Bonds; and

WHEREAS, the Issuer now desires to authorize the issuance of the Bonds for the purpose of financing a portion of the costs of the Project on such terms as the School may agree, and the final details of such Bonds shall be as set forth in the Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF DIRECTORS OF DUTCHESS COUNTY LOCAL DEVELOPMENT CORPORATION, AS FOLLOWS:

Section 1. The Issuer hereby finds and determines that:

(A) By virtue of the Certificate of Incorporation and the Enabling Act, the Issuer has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Enabling Act and to exercise all powers granted to it under the Enabling Act; and

(B) The acquisition, renovation, construction, installation, financing and refinancing of the Project and the financing thereof with the proceeds of the Loan as set forth in the Agreement (the "Loan") to the School will relieve and reduce unemployment, promote and provide for additional and maximum employment and better and maintain job opportunities, and thereby lessen the burdens of government;

(C) Pursuant to 6 NYCRR §617.6(b)(3)(iii), the Town of Stanford Planning Board exercised due diligence in identifying all involved agencies in its coordinated review under SEQRA and in making the Environmental Determinations and the Issuer is therefore bound by the Negative Declarations made therein; and

(D) It is desirable and in the public interest for the Issuer to issue and sell its Bonds to the Purchaser upon the terms and conditions set forth in the Agreement.

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 Agreement; (B) execute the Tax Compliance Certificate, pursuant to which the Issuer and the School make certain covenants to ensure the continued tax-exempt status of the Bonds; (C) execute the Information Return in connection with the issuance of the Bonds; (D) sell the Bonds to the Purchaser pursuant to the terms set forth in the Agreement; (E) use the proceeds of the Bonds to make the Loan to the School for the purpose of financing a portion of the costs of issuance of the Bonds and a portion of the costs of the Project; (F) execute the Information Return with respect to the Bonds; (G) file the Information Return with the IRS; and (H) execute any and all related documents, instruments, and certificates.

Section 3. The form and substance of the Agreement, the Information Return, the Tax Compliance Certificate, and any documents necessary and incidental thereto including, but not limited to, any documents approved by counsel to the Issuer (collectively, the "Issuer Documents") are hereby approved.

Section 4. Subject to receipt by the Issuer of the executed certificate from the County Executive indicating that the County Executive has approved the issuance of the Bonds pursuant to, and solely for the purposes of, Section 147(f) of the Code, the Issuer is hereby authorized to issue, execute, sell and deliver to the Purchaser its Bonds in the aggregate principal amount presently estimated to be \$23,000,000 but not to exceed \$30,000,000 or so much as necessary to finance the Costs of the Project, in the form and in the amount and containing the other provisions set forth in the Agreement, and the Issuer is hereby authorized to deliver said Bonds to the Purchaser against receipt of the purchase price thereof, all pursuant to the Enabling Act and in accordance with the provisions of this Bond Resolution and the Agreement, provided that:

(A) The Bonds authorized to be issued, executed, sold and delivered pursuant to this Section 4 shall (i) be issued, executed and delivered at such time as the Chair, the Vice Chair and/or the Chief Executive Officer of the Issuer shall determine, and (ii) 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 Agreement, or as are hereinafter approved by the Chair, the Vice Chair and/or the Chief Executive Officer of the Issuer in accordance with Section 5 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 (i) the costs of making the Loan for the purpose of financing a portion of the costs of the Project as described in the Issuer Documents, and (ii) a portion of the administrative, legal, financial and other expenses of the Issuer in connection with the Loan and the Project and incidental to the issuance of the Bonds.

(C) Neither the members, directors 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 Dutchess County, New York or any political subdivision thereof, and neither the State of New York, or Dutchess County, New York nor any political subdivision thereof 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 repayment of the Loan or from the enforcement of the security provided by the Financing Documents 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 5. (A) The Chair, the Vice Chair and/or the Chief Executive Officer of the Issuer are 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 form thereof presented to this meeting, with such changes, variations, omissions and insertions as the Chair (or Vice Chair) and/or the Chief Executive Officer shall approve, the execution thereof by the Chair (or Vice Chair) and/or the Chief Executive Officer to constitute conclusive evidence of such approval. The Issuer hereby appoints each Member of the Issuer to serve as an Assistant Secretary of the Issuer for purposes of this transaction.

(B) The Chair, the Vice Chair and/or the Chief Executive Officer of the Issuer are hereby further authorized, on behalf of the Issuer, to designate any additional authorized representatives of the Issuer.

Section 6. 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 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 Issuer with all of the terms, covenants and provisions of the Financing Documents binding upon the Issuer.

Section 7. All action taken by the Chief Executive Officer of the Issuer in connection with the Section 5(A) and (B) of this Bond Resolution, prior to the date of this Bond Resolution, is hereby ratified and confirmed.

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 Bond Resolution was duly put to a vote on roll call, which resulted as follows:

Charles Daniels III, Chair	[Being][VOTING]	["Aye"]["Nay"][ABSENT]
David R. Tetor, Vice Chair	[Being][VOTING]	["Aye"]["Nay"][ABSENT]
Phyllis DiStasi Keenan, Secretary/Treasurer	[Being][VOTING]	["Aye"]["Nay"][ABSENT]
Henry Killian	[Being][VOTING]	["Aye"]["Nay"][ABSENT]
George R. Stoffers	[Being][VOTING]	["Aye"]["Nay"][ABSENT]
Angela E. Flesland	[Being][VOTING]	["Aye"]["Nay"][ABSENT]
Timothy Dean	[Being][VOTING]	["Aye"]["Nay"][ABSENT]

The foregoing Bond Resolution was thereupon declared duly adopted.

Adopted: August 20, 2013

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

I, the undersigned Secretary of Dutchess County Local Development 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 Board of Directors of the Issuer, including the Resolution contained therein, held on August 20, 2013 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 Board of Directors 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 Board of Directors 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 20th day of August, 2013.

Phyllis DiStasi Keenan, Secretary

(SEAL)