

**PRELIMINARY RESOLUTION
(Millbrook School Project Series 2013)**

A Regular meeting of the Dutchess County Local Development Corporation was convened in public session on July 22, 2013 at 8:00 a.m., local time, at the Dutchess County Local Development Corporation's Offices, Three Neptune Road, Poughkeepsie, New York.

The meeting was called to order by the Chairman, with the following members being:

PRESENT: Charles Daniels III, Chairman
David R. Tetor, Vice Chairman
Phyllis DiStasi Keenan, Secretary/Treasurer
Henry Killian
George R. Stoffers
Angela E. Flesland
Timothy Dean

ABSENT:

ALSO PRESENT: Donald Cappillino, Counsel
Catherine A. Maloney, Chief Executive Officer
Lynn Heuermann, Chief Financial Officer

On motion duly made by _____ and seconded by _____, the following resolution (the "Resolution") was placed before the members of the Dutchess County Local Development Corporation:

Resolution (i) Taking official action toward the issuance of an amount presently estimated to be approximately \$23,000,000.00 and in any event not to exceed \$30,000,000.00 principal amount of Tax-Exempt Revenue Bonds (Millbrook School Project), Series 2013; (ii) Appointing Millbrook School as agent of the Dutchess County Local Development Corporation for the purpose of the financing the Project; and (iii) Authorizing the execution and delivery of an agreement by and between the Issuer and Millbrook School with respect to the financing of the Project.

WHEREAS, the Dutchess County Local Development Corporation (the "Issuer") was duly formed under §102(a)(5) of the New York Not-for-Profit Corporation Law ("N-PCL") as a local development corporation, a Type C Corporation under §201 of the N-PCL, for the purpose of conducting activities that will relieve and reduce unemployment in Dutchess County; promote and provide for additional and maximum employment in the County; better and maintain job opportunities in the County; instruct or train individuals in the County to improve or develop their capabilities for such jobs; carry on scientific research for the purpose of aiding the County by attracting new industry to the County; or by encouraging the development of, or

retention of, an industry in the County; and lessening the burdens of government and acting in the public interest; and

WHEREAS, the Issuer's corporate powers include, but are not limited to, the power to finance facilities for not-for-profit corporations, acquire, improve, maintain, equip and furnish projects, to lease such projects and collect rent; to sell and convey any and all of its property, to loan the proceeds of its bonds to not-for-profit corporations and other entities whenever the Board of Directors shall find such action to be in furtherance of the purposes for which it was organized; and to issue bonds for the purpose of carrying out any of its powers; all bonds to be payable solely out of revenues and receipts derived from the proceeds of the collateral securing the Bonds; and

WHEREAS, Millbrook School, a New York not-for-profit corporation which is also an exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "School"), has submitted an 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 School consisting of the following:

- (1) refunding the Dutchess County Industrial Development Agency's Civic Facility Revenue Bonds, Series 2008 (Millbrook School Civic Facility) (the "2008 Bonds"), in the original aggregate principal amount of \$8,000,000 for the purposes of (i) The financing of the installation, construction, furnishing, and equipping of a new Math and Science Center classroom building which will be three stories high and approximately 25,000 square feet on the existing 298.1 acre site of the School located at 10-48 West Road, Millbrook, Town of Stanford, New York (the "Property"); the building to house four (4) science classrooms with attached labs: chemistry, biology, physics, and general sciences, with appropriate prep and storage to support these labs and advanced study areas; five (5) new math classrooms, as well as storage for academic support materials; a shared faculty office, meeting space and 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");
- (2) paying redemption premiums, if any, in connection with the 1998-A Bonds, the 2008 Bonds;
- (3) financing the construction, installation, furnishing and equipping of an approximately _____ square foot, ___-story a new girls dormitory consisting of 44 beds for girls and four (4) faculty housing units;

- (4) financing the construction, installation, furnishing and equipping of an approximately _____ square foot, ____-story facilities building as well as renovations to the existing _____ square foot Schoolhouse and the existing _____ square foot Callard House;
- (5) financing the construction, installation, furnishing and equipping of an approximately _____ square foot, ____-story dining hall;
- (6) the financing of a portion of the costs of the Project by the issuance of Tax-Exempt Revenue Bonds of the Issuer in an aggregate principal amount sufficient to pay the cost of undertaking the Project, together with the necessary incidental costs in connection therewith (including the costs described in paragraph (6)), all presently estimated to be approximately \$23,000,000.00 and in any event not to exceed \$30,000,000.00 (the “Bonds”);
- (7) the paying of all or a portion of the costs incidental to the issuance of the Bonds, including issuance costs of the Bonds and any reserve funds as may be necessary to secure the Bonds; and
- (8) the granting of certain other financial assistance with respect to the foregoing, including potential exemptions from mortgage recording taxes (collectively with the Bonds, the “Financial Assistance”); 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 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, the Issuer has yet to make a determination of environmental significance on this application but will do so prior to its issuance of the Bonds; and

WHEREAS, the Issuer has not yet held a hearing pursuant to §147(f) of the Internal Revenue Code of the 1986, as amended; and

WHEREAS, although the resolution authorizing the issuance of the Bonds has not yet been presented for approval by the Issuer, a Preliminary Agreement relative to the proposed issuance of the Bonds by the Issuer has been presented for approval by the Issuer.

NOW, THEREFORE, BE IT RESOLVED by the Dutchess County Local Development School, as follows:

1. Based upon the representations made by the School to the Issuer, the Issuer hereby finds and determines that:

- (a) The Project constitutes a project within the scope of the corporate powers of the Issuer and is consistent with its corporate purposes in that the financing of the Project by the Issuer, through the issuance of Issuer's Bonds will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of Dutchess County, New York, and improve their standard of living; and
- (b) It is desirable and in the public interest to issue the Bonds in the aggregate principal amount presently estimated to be Twenty-three Million and 00/100 Dollars (\$23,000,000.00) but not to exceed Thirty Million and 00/100 Dollars (\$30,000,000.00) for the purpose of financing the Project, together with the necessary expenses in connection therewith.

2. Subject to the conditions set forth in ¶3 of this Resolution, the Issuer will:

- (a) issue the Bonds in an amount presently estimated to be Twenty-three Million and 00/100 Dollars (\$23,000,000.00) and not to exceed Thirty Million and 00/100 Dollars (\$30,000,000.00), the particular amount, maturities, interest rate, redemption terms and other terms and provisions to be determined by a further resolution of the Issuer;
- (b) loan the proceeds of the Bonds to the School pursuant to a loan agreement by and between the Issuer and the School, whereby the School will be obligated under such agreement or loan agreement, as the case may be, among other things to make payments to the Issuer in amounts and at times so that payments will be adequate to pay the principal of, premium, if any, and interest on all such Bonds; and
- (c) secure the Bonds in such manner as the Issuer, the School or the purchasers of the Bonds mutually deem appropriate. The Issuer shall not be required to incur and shall not incur any financial liability with respect to the Project.

3. The issuance of the Bonds, as contemplated by ¶2 of this Resolution, and the findings and determinations set forth in this Resolution shall be subject to:

- (a) execution and delivery by the School of the Preliminary Agreement attached hereto as Exhibit "A" setting forth certain conditions for the issuance of the Bonds;

- (b) agreement by the Issuer, the School and the purchaser of the Bonds on mutually acceptable terms for the Bonds and for the sale and delivery thereof and mutually acceptable terms and conditions for the security for the payment thereof;
- (c) approval of the issuance of the Bonds, the portion of which is to be federally tax-exempt, in accordance with the provisions of §147(f) of the Internal Revenue Code of 1986, as amended;
- (d) satisfactory completion of the review of the Project by the Issuer under SEQRA; and
- (e) receipt by the Issuer of evidence that all required approvals, in connection with the issuance of the Bonds has been obtained.

4. The form and substance of a proposed agreement (in substantially the form presented to this meeting) by and between the Issuer and the School setting forth the undertakings of the Issuer and the School with respect to the issuance of the Bonds and the providing of the Project (the "Preliminary Agreement") are hereby approved. The Chief Executive Officer and/or Chairman (or Vice Chairman) of the Issuer are hereby authorized, on behalf of the Issuer, to execute and deliver the Preliminary Agreement and the Secretary (or Assistant Secretary) of the Issuer is hereby authorized to affix the seal of the Issuer hereto and to attest to this meeting, with such changes in terms and conditions as the Chief Executive Officer or Chairman (or Vice Chairman) shall approve, and such execution thereof to constitute conclusive evidence of such approval.

5. The School is hereby appointed the true and lawful agent of the Issuer: (i) to undertake the Project; (ii) to make, execute, acknowledge, and deliver any contracts, orders, receipts, writings, and instructions, as the designated agent for the Issuer, and in general to do all things which may be requisite or proper for the acquisition, construction, installation, equipping and improvement of the Project (or Vice Chairman); and (iii) to prepare, publish and, upon approval by the Chief Executive Officer and/or Chairman(or Vice Chairman) of the Issuer, to distribute a Preliminary Official Statement (or Preliminary Offering Circular or Private Placement Memorandum) of the Issuer with respect to the Bonds, all with the same powers and the same validity as the Issuer could do if acting on its own behalf. In addition, the School is hereby authorized to advance such funds as may be necessary to accomplish such purposes and, to the extent permitted by law, the Issuer agrees to reimburse the School therefor out of the proceeds of the Bonds, when, as and if, the Bonds are issued. The Chief Executive Officer or the Chairman (or Vice Chairman) hereby is authorized to execute a letter to the School attesting to the School's authority to act as agent of the Issuer in this matter in accordance with the standard procedures of the Issuer.

6. The law firm of Ballard Spahr, Philadelphia, Pennsylvania, is hereby appointed Bond Counsel to the Issuer in relation to the issuance of the Bonds.

7. Based upon the information provided by the School to the Issuer in the School's application for financing, the Issuer reasonably expects that expenditures to be incurred by the School in connection with the Project prior to the date of issuance and sale of the Bonds, in an amount presently estimated to be Twenty-three Million and 00/100 Dollars (\$23,000,000.00) and not to exceed Thirty Million and 00/100 Dollars (\$30,000,000.00) will be reimbursed to the School out of the proceeds of the Bonds. It is intended that this resolution shall constitute a declaration of official intent under United States Treasury Regulation 1.150-2.

8. Counsel to the Issuer and Bond Counsel for the Issuer are hereby authorized to work with counsel to the School and others to prepare for submission to the Issuer, all documents necessary to effect the authorization, issuance, and sale of the Bonds. The School shall be responsible for the fees of Issuer, Issuer's Counsel and Bond Counsel in relation to this Project and the financing thereof.

9. The Chairman (or Vice Chairman) of the Issuer is hereby authorized and directed to distribute copies of this Resolution to the School and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution. The Chief Executive Officer and/or Chairman (or Vice Chairman) of the Issuer is hereby authorized, empowered and directed to cause a public hearing concerning this Project to be conducted after due notice by publication in accordance with law and is further authorized to appoint counsel or co-counsel to the Issuer as designee to conduct the public hearing.

10. This Resolution shall take effect immediately.

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

Charles Daniels III, Chairman	VOTING
David R. Tetor, Vice Chairman	VOTING
Phyllis DiStasi Keenan, Secretary/Treasurer	VOTING
Henry Killian	VOTING
George R. Stoffers	VOTING
Angela E. Flesland	VOTING
Timothy Dean	VOTING

The Resolution was thereupon declared duly adopted.

Adopted: July 22, 2013

