

**RESOLUTION**  
*(Barham House LLC Project)*

A regular meeting of the City of Peekskill Industrial Development Agency was convened on Wednesday, December 15, 2010, at 7:00 p.m. local time, at 840 Main Street, Peekskill, New York, 10566.

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

**PRESENT:** Arun Manansingh, Mel Burruss, Frances Gibbs, Deborah Post, Alan Kravitz and Nicholas Misch

**ABSENT:** Charles Jennings

On motion duly made and seconded, the following resolution was placed before the members of the City of Peekskill Industrial Development Agency:

Resolution No. 2010 - 08

**RESOLUTION OF THE CITY OF PEEKSKILL INDUSTRIAL DEVELOPMENT AGENCY (THE "ISSUER") AUTHORIZING THE UNDERTAKING OF A CERTAIN PROJECT (AS MORE PARTICULARLY DESCRIBED HEREIN) FOR THE BENEFIT OF BARHAM HOUSE LLC (THE "COMPANY") INCLUDING THE EXECUTION, ISSUANCE, SALE AND DELIVERY OF UP TO \$10,000,000 PRINCIPAL AMOUNT MULTI-FAMILY HOUSING REVENUE AGENCY DEBT OBLIGATION (BARHAM HOUSE LLC PROJECT), SERIES 2010 AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS**

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 671 of the Laws of 1974 of the State of New York, (hereinafter collectively called the "Act"), the **CITY OF PEEKSKILL INDUSTRIAL DEVELOPMENT AGENCY** (hereinafter called the "Issuer") was created with the authority and power to promote, develop, encourage and assist in acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, civic, research, and recreational facilities as authorized by the Act, and in connection therewith to issue its revenue bonds, enter into straight lease transactions and provide other forms of financial assistance; and

WHEREAS, **BARHAM HOUSE LLC**, a New York limited liability company with offices at 700 White Plains Road, Suite 363, Scarsdale, New York, for itself and/or on behalf of an entity to be formed (hereinafter and collectively, the "Company") previously submitted an application (the "Application") to the Issuer, copies of which are on file at the office of the Issuer, requesting that the Issuer issue its Multi-Family Housing Revenue Agency Debt Obligation in a principal amount not to exceed \$10,000,000 (the "Obligation") for the purpose of financing a certain project (the "Project") consisting of: (A) the acquisition by the Issuer of title

to or a leasehold (or other) interest in an approximately .25-acre site located at 951 Main Street, Peekskill, New York, TMID No. 33.29-4-17 (the "Land") and the existing improvements located thereon, including 100 housing units and related storage facilities (the "Existing Improvements"); (B) the renovation, reconstruction, refurbishing and equipping by the Company as agent of the Issuer of the Existing Improvements in order to (i) modernize approximately twenty-five (25) studio apartments and seventy-four (74) one-bedroom apartments that, in accordance with the Internal Revenue Code of 1986, as amended (the "Code") and applicable regulations promulgated by the United States Department of Housing and Urban Development ("HUD") and New York State Division of Housing and Community Renewal ("DHCR"), will be leased to households of persons 62 years of age or older and earning 60% or less of the area's median gross income, (ii) modernize one (1) non-subsidized superintendent's apartment, and (iii) install, construct and equip certain structural and mechanical improvements, including renovations to the storage facilities, heating systems, roof, façade and elevator (items (i), (ii) and (iii) collectively, the "Improvements"); (C) the acquisition of and installation in and around the Existing Improvements and Improvements of certain machinery, fixtures, equipment and other items of tangible personal property (the "Equipment" and, collectively with the Land, the Existing Improvements and the Improvements, the "Facility"); (D) paying certain costs and expenses incidental to the issuance of the Obligation (the costs associated with items (A) through (D) above being hereinafter collectively referred to as the "Project Costs"); and (E) the lease (with an obligation to purchase) or sale of the Issuer's interest in the Facility back to the Company; and

WHEREAS, the Issuer, by resolution adopted on January 27, 2010 (the "Initial Resolution"), (i) determined to proceed under the provisions of the Act to issue the Obligation in an aggregate principal amount not to exceed \$12,000,000 for the purpose of assisting in the financing of certain costs incurred by the Company in undertaking the Project; (ii) made a declaration of "official intent" (within the meaning of the United States Treasury Regulations Section 1.150-2(d)); and (iii) authorized a public hearing as required by Article 18-A of the New York State General Municipal Law and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, pursuant Article 8 of the Environmental Conservation Law and Regulations adopted pursuant thereto by the Department of Environmental Conservation of the State (collectively, "SEQRA"), and at its regular meeting held on March 23, 2010, the Issuer identified the Project as an "Unlisted Action" for which the issuer adopted a "Negative Declaration", as said terms are defined in SEQRA; and

WHEREAS, on March 23, 2010, at 7:00 p.m., local time, at the Peekskill City Manager's Office, City Hall, 840 Main Street, Peekskill, New York 10566, as continued on September 21, 2010, at 7:00 p.m., local time at City Hall, 840 Main Street, Peekskill, New York 10566, the Issuer duly held a public hearing as required by and in compliance with Article 18-A of the New York State General Municipal Law and Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, by resolution adopted on August 9, 2010, the Common Council of the City of Peekskill, New York (the "City Approving Resolution"), as the applicable elected

representative (as such term is construed under Section 147(f)(2)(E) of the Code), gave its unconditional approval of the issuance of the Obligation; and

WHEREAS, the City Approving Resolution also approved the terms of the PILOT Agreement (as hereinafter defined) by and between the Issuer and the Company and the Municipal Impact Fee Agreement (as hereinafter defined) by and between the City of Peekskill (the "City") and the Company; and

WHEREAS, the Issuer, by resolution adopted September 21, 2010 (the "Inducement Resolution") (i) authorized the undertaking of the Project; (ii) approved the terms of a certain Payment in-lieu-of Taxes Agreement (the "PILOT Agreement") relating to the Project and Facility; (iii) pursuant to and in compliance SEQRA, identified the Project as an "Unlisted Action" and adopted a "Negative Declaration", as such terms are defined in SEQRA; (iv) appointed the Company its agent for purposes of undertaking the Project; and (v) authorized the negotiation of additional documents relating to the Project and the issuance of the Obligation; and

WHEREAS, in connection with the issuance of the Obligation, the Issuer and the Company shall enter into (i) a certain Company Lease, dated as of December 1, 2010 (the "Company Lease"), pursuant to which the Company shall lease its interest in and to the Facility to the Issuer and (ii) a certain Lease Agreement, dated as of December 1, 2010, by and between the Issuer and the Company for the purpose of specifying the terms and conditions pursuant to which the Issuer agrees to undertake the Project and sublease its interest in the Facility back to the Company (the "Lease Agreement") with the payments to be made by the Company thereunder to be an amount sufficient to pay the principal of, premium, if any, and interest on the Obligation; and

WHEREAS, the Obligation will be issued by the Issuer and purchased by Citibank, N.A., or its designee or affiliate (the "Funding Lender"), pursuant to a certain Funding Loan Agreement (the "Funding Loan Agreement"), dated the Closing Date (as defined therein), by and between the Funding Lender and the Issuer; and

WHEREAS, as security for the Obligation (i) the Issuer shall assign to the Funding Lender substantially all of its rights under the Lease Agreement (except the Unassigned Rights as such term is defined therein) pursuant to the terms of a certain Pledge and Assignment, dated as of December 1, 2010, from the Issuer to the Funding Lender (the "Pledge and Assignment"); (ii) the Issuer and the Company will grant to the Funding Lender a mortgage lien on and security interest in the Facility and the Company will assign to the Funding Lender all of its rights and interest in and to any now existing or future leases with respect to the Facility, pursuant to the terms of a certain Multi-Family Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, dated as of December 1, 2010, from the Issuer and the Company to the Funding Lender (the "Mortgage"); (iii) the Company will guaranty the payment of the principal of, premium, if any, and interest on Obligation pursuant to the terms of a certain Guaranty, dated as of December 1, 2010, from the Company to the Funding Lender (the "Guaranty"); and

WHEREAS, pursuant to the PILOT Agreement, the Company shall make certain payments in lieu of real property taxes as described in the PILOT Agreement for the benefit of the Affected Tax Jurisdictions (as defined therein); which PILOT Agreement shall be secured by a certain PILOT Mortgage, dated as of December 1, 2010, by and between the Issuer and the Company (for the benefit of the Affected Tax Jurisdiction) (the "PILOT Mortgage").

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

Section 1. The Issuer hereby finds and determines:

(a) By virtue of the Act, the Issuer has been vested with all the 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;

(b) The Project constitutes a "project" within the meaning of the Act;

(c) The Project and the financing thereof by the Issuer through the issuance of the Obligation will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of the City of Peekskill, New York and the State of New York and improve their standards of living, and thereby serve the public purposes of the Act;

(d) The Facility and the operations conducted therein will not cause or result in the violation of the health, labor or other laws of the United States of America, the State of New York, or the City of Peekskill, New York;

(e) It is desirable and in the public interest for the Issuer to issue and sell the Obligation to be dated the date of its issuance and sale, upon the terms and conditions set forth in the Funding Loan Agreement, and to secure the Obligation by, among other things, the Mortgage, all for the purpose of assisting in financing the Project;

(f) The public hearing held by the Issuer on March 23, 2010, as continued on September 21, 2010, concerning the issuance of the Obligation and the undertaking of the Project was duly held in accordance with the requirements of the Code and the Act, including but not limited to the giving of public notice of the meeting a reasonable time before the meeting and affording a reasonable opportunity for persons with differing views on both the issuance of the Obligation and the undertaking of the Project; and

(g) The Project involves an Unlisted Action pursuant to which a Negative Declaration was adopted by the Issuer, as said terms are defined in SEQRA, and no further action is required to be undertaken by the Issuer under SEQRA.

Section 2. In consequence of the foregoing, the Issuer hereby determines to: (i) acquire a leasehold interest in the Facility from the Company pursuant to the Company Lease, (ii) issue the Obligation pursuant to the terms of the Funding Loan Agreement, (iii) use the proceeds of the Obligation to assist the Company in financing the renovation, reconstruction, refurbishment and

upgrading of the Facility and to pay certain incidental expenses in connection therewith, (iv) lease its right, title and interest in the Facility back to the Company pursuant to the Lease Agreement, (v) execute a certain Tax Regulatory Agreement, to be dated as of the date of issuance and delivery of the Obligation (the "Tax Regulatory Agreement"), pursuant to which the Issuer and the Company make certain representations and covenants to ensure the continued tax-exempt status of the Obligation, (vi) execute a certain Arbitrage Certificate, to be dated as of the date of issuance and delivery of the Obligation (the "Arbitrage Certificate"), (vii) execute the Funding Loan Agreement, (viii) execute the Mortgage, (ix) execute the Pledge and Assignment, (x) execute the PILOT Agreement, (xi) execute the PILOT Mortgage, (xii) execute a certain NYS "Application for Real Property Tax Exemption" in connection with the PILOT Agreement to be filed with the Affected Tax Jurisdictions, and (xiii) execute an Internal Revenue Service Form 8038 (the "Information Return") in connection with the issuance of the Obligation.

Section 3. The form and substance of the Obligation (in substantially the form presented to this meeting), having been reviewed and approved by the Audit and Finance Committee of the Issuer in accordance with applicable provisions of the Public Authorities Law, are hereby approved, and the Secretary is hereby directed to include a copy of the form of the Obligation submitted to this meeting with the records of the Issuer.

Section 4. The form and substance of the Funding Loan Agreement (in substantially the form presented to this meeting) are hereby approved, and the Secretary is hereby directed to include a copy of the form of the Funding Loan Agreement submitted to this meeting with the records of the Issuer.

Section 5. The form and substance of the Company Lease (in substantially the form presented to this meeting) are hereby approved, and the Secretary is hereby directed to include a copy of the form of the Company Lease submitted to this meeting with the records of the Issuer.

Section 6. The form and substance of the Lease Agreement (in substantially the form presented to this meeting) are hereby approved, and the Secretary is hereby directed to include a copy of the form of the Lease Agreement submitted to this meeting with the records of the Issuer.

Section 7. The form and substance of the Pledge and Assignment (in substantially the form presented to this meeting) are hereby approved, and the Secretary is hereby directed to include a copy of the form of the Pledge and Assignment submitted to this meeting with the records of the Issuer.

Section 8. The form and substance of the Mortgage (in substantially the form presented to this meeting) are hereby approved, and the Secretary is hereby directed to include a copy of the form of the Mortgage submitted to this meeting with the records of the Issuer.

Section 9. The form and substance of the Tax Regulatory Agreement (in substantially the form presented to this meeting) are hereby approved, and the Secretary is hereby directed to include copies of the Tax Regulatory Agreement submitted to this meeting with the records of the Issuer.

Section 10. The form and substance of the Arbitrage Certificate (in substantially the form presented to this meeting) are hereby approved, and the Secretary is hereby directed to include copies of the Arbitrage Certificate submitted to this meeting with the records of the Issuer.

Section 11. The form and substance of the PILOT Agreement and the PILOT Mortgage (in substantially the form presented to this meeting) are hereby approved, and the Secretary is hereby directed to include a copy of the form of the PILOT Agreement and the PILOT Mortgage submitted to this meeting with the records of the Issuer.

Section 12. The form and substance of the Municipal Impact Fee Agreement (in substantially the form presented to this meeting) are hereby approved, and the Secretary is hereby directed to include copies of the Municipal Impact Fee Agreement submitted to this meeting with the records of the Issuer.

Section 13. The Issuer hereby authorizes its Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director to approve the Funding Loan Agreement, in a form consistent with the intent and substance of this resolution, such approval to be conclusively evidenced by the execution of the Funding Loan Agreement by the Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director in accordance with Section 18 hereof.

Section 14. The Issuer hereby determines to execute the Information Return in such form as is hereafter approved by the Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director of the Issuer in accordance with Section 19 hereof, and to file the same with the Internal Revenue Service.

Section 15. The Issuer hereby authorizes the Company to proceed with the acquisition and equipping of the Project and hereby appoints the Company as the true and lawful agent of the Issuer: (i) to acquire, renovate and equip the Project; (ii) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agent for the Issuer with the authority to delegate such agency, in whole or in part, to agents, subagents, contractors, and subcontractors of such agents and subagents and to such other parties as the Company chooses; and (iii) in general, to do all things which may be requisite or proper for completing the Project, all with the same powers and the same validity that the Issuer could do if acting in its own behalf.

Section 16. The Issuer is hereby authorizes to issuance, execution, sale and delivery the Obligation by the Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director to the Funding Lender in the aggregate principal amount of up to \$10,000,000 in the form heretofore approved in Section 3 of this resolution, pursuant to the Act and in accordance with the Funding Loan Agreement, provided that:

(a) The Obligation authorized to be issued, executed, sold and delivered pursuant to this Section 15 (i) shall be issued, executed and delivered at such time as the Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director of the Issuer shall determine, (ii)

shall be in such aggregate principal amount (not to exceed \$10,000,000) as is hereinafter approved by the Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director of the Issuer, (iii) shall bear interest at such rates as are set forth in the Obligation and the Funding Loan Agreement or as are hereinafter approved by the Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director of the Issuer, and (iv) shall be subject to prepayment prior to maturity, and have such other provisions and be issued in such manner and on such conditions as are set forth in the Obligation and the Funding Loan Agreement, all of which provisions are specifically incorporated herein with the same force and effect as if fully set forth in this resolution; and

(b) The Obligation shall be issued solely for the purpose of providing funds to finance the Project Costs, the administrative, legal, financial, and other expenses of the Issuer in connection with the Project and incidental to the issuance of the Obligation, as such costs are more specifically set forth in the Funding Loan Agreement; and

(c) The Obligation and the interest thereon are not and shall never be a debt of the State of New York, or the City of Peekskill, New York, and neither the State of New York, nor the City of Peekskill, New York shall be liable thereon; and

(d) The Obligation, together with interest payable thereon, shall be special obligations of the Issuer payable solely from the revenues and receipts derived from the lease of the Facility or from the enforcement of the security provided by the Funding Loan Agreement.

Section 17. Notwithstanding any other provision of this resolution, the Issuer covenants that it will make no use of the proceeds of the Obligation or of any other funds which, if such use had been reasonably expected on the date of issue of the Obligation, would cause the Obligation to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 18. (a) The Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director of the Issuer are hereby authorized, on behalf of the Issuer, to execute and deliver the Funding Loan Agreement, the Company Lease, the Lease Agreement, the Mortgage, the Pledge and Assignment, the PILOT Agreement, the PILOT Mortgage, the Tax Regulatory Agreement, the Arbitrage Certificate, the Obligation and any document or instrument necessary and incidental thereto as approved by Bond Counsel to the Issuer (hereinafter collectively called the "Financing Documents"), and the Secretary or Assistant Secretary of the Issuer is hereby authorized to affix the seal of the Issuer thereto where appropriate and to attest the same, all in substantially the forms thereof presented to this meeting with such changes (including without limitation any change in the dated date of such documents), variations, omissions and insertions as the Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director of the Issuer shall approve. The execution of the Financing Documents and the Information Return by the Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director of the Issuer shall constitute conclusive evidence of such approval.

(b) The Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director of the Issuer are hereby further authorized and directed, on behalf of the Issuer, to approve, without further action of the Issuer, any variations in the terms of the Obligation from those set

forth in the form of Obligation, respectively, submitted to this meeting, including, without limitation, the aggregate principal amounts of the Obligation (not in excess of the maximum aggregate principal amount authorized in Section 15 of this resolution), the interest rates, maturities, redemption premiums, optional redemption dates and sinking fund redemption dates and amounts. The execution and delivery of the Funding Loan Agreement by the Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director of the Issuer shall constitute conclusive evidence of such approval.

(c) The Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director of the Issuer are further hereby authorized, on behalf of the Issuer, to designate any additional Authorized Issuer Representatives (as defined in and pursuant to the Funding Loan Agreement).

Section 19. The officers, employees, and agents of the Issuer are hereby authorized and directed for and in the name and or behalf of the Issuer to do all acts and things required or provided by the provisions of the Financing Documents, and to execute and deliver all such additional certificates, instruments and documents, including the Financing Documents and the Information Return, and to do all such further acts as may be necessary or in the opinion of the officer, employee, or agent acting, desirable and proper to effect the purposes of the foregoing 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 20. Due to the complex nature of this transaction, the Issuer hereby authorizes its Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director to approve, execute and deliver such further agreements, documents and certificates as the Issuer may be advised by Bond Counsel to be necessary or desirable to effectuate the foregoing, such approval to be conclusively evidenced by the execution of any such agreements, documents or certificates by the Chairman, Vice Chairman, Executive Director/CEO and/or Deputy Director.

Section 21. It is hereby found and determined that all formal actions of the Issuer concerning and relating to the adoption of this resolution were adopted in an open meeting of the Issuer; and that all deliberations of the Issuer and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements.

Section 22. The issuance of the Obligation shall be conditioned upon receipt by the Issuer of a private activity bond volume cap allocation with respect to the Obligation in accordance with Section 146 of the Code and with any applicable New York State law, such that interest on the Obligation shall not be included in gross income for purposes of federal income taxation. This resolution is subject to further compliance with the provisions of Sections 141 through 150 and related provisions of the Code, including, without limitation, the obtaining of public approval for the Project and the Obligation.

Section 23. This resolution shall take effect immediately and the Obligation is hereby ordered to be issued in accordance with this resolution.

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



	<i><b>YEA</b></i>	<i><b>NEA</b></i>	<i><b>ABSTAIN</b></i>	<i><b>ABSENT</b></i>
Alan Kravitz	[ X ]	[ ]	[ ]	[ ]
Arun Manansingh	[ X ]	[ ]	[ ]	[ ]
Deborah Post	[ X ]	[ ]	[ ]	[ ]
Melvin Burruss	[ X ]	[ ]	[ ]	[ ]
Frances Gibbs	[ X ]	[ ]	[ ]	[ ]
Nicholas Misch	[ X ]	[ ]	[ ]	[ ]
Charles Jennings	[ ]	[ ]	[ ]	[ X ]

The Resolutions were thereupon duly adopted.

STATE OF NEW YORK                    )  
COUNTY OF WESTCHESTER        ) SS:

I, the undersigned Deputy Director of the City of Peekskill Industrial Development Agency, DO HEREBY CERTIFY:


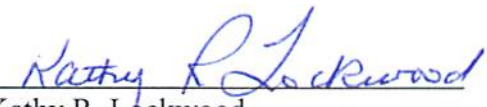
That I have compared the annexed extract of minutes of the meeting of the City of Peekskill Industrial Development Agency (the "Issuer"), including the resolution contained therein, held on December 15, 2010, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Issuer and of such resolution set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

I FURTHER CERTIFY, that all members of said Issuer had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with such Article 7.

I FURTHER CERTIFY, that 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 modified.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Issuer this 21 day of December, 2010.

  
  
Kathy R. Lockwood  
Deputy Director