

RESOLUTION
(Stuhr Gardens Associates LLC Project)

A meeting of the City of Peekskill Industrial Development Agency was convened in public session on March 21, 2007, at 6:30 p.m., local time, at the City Manager's Office, City Hall, 840 Main Street, Peekskill, New York 10566.

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

PRESENT: Vincent Vesce, Chairman, Edward Gibbs, Catherine Pisani
Michael Anzovino, and William Schmidt

ABSENT: Mel Burruss, Vice Chairman, Carolyn Geisel

ALSO PRESENT: Daniel W. Fitzpatrick, City Manager, Marcus Serrano, Treasurer, Brian O. Havranek, Executive Director, Kathy Lockwood, Deputy Director, William J. Florence, Counsel, Gloria Zonghetti, Secretary, Kevin McLaughlin, National Development Council, Kevin Hyland, Harris Beach PLLC, and Joel Mounty and John Madeo of Stuhr Gardens LLC

The following resolution was duly offered and seconded to wit:

Resolution No. 2007 - 03

RESOLUTION AUTHORIZING THE ISSUANCE, EXECUTION, SALE AND DELIVERY BY THE CITY OF PEEKSKILL INDUSTRIAL DEVELOPMENT AGENCY OF UP TO \$7,500,000 PRINCIPAL AMOUNT MULTI-FAMILY HOUSING REVENUE BONDS (STUHR GARDENS ASSOCIATES LLC PROJECT), SERIES 2007 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, Stuhr Gardens Associates LLC (the "Company") previously submitted an application to the Issuer requesting that the Issuer issue its Multi-Family Housing Revenue Bonds (the "Bonds") for the purpose of providing funds to finance certain costs in connection with a project (the "Project") for the benefit of the Company consisting of: (A) the acquisition by

the Issuer of title to or a leasehold (or other) interest in an approximately 8.5-acre site on Vail Avenue (formerly Wiberly Avenue) in the City of Peekskill, New York (the "Land") and the existing improvements located thereon, consisting principally of three three-story and four two-story residential rental apartment buildings (the "Existing Improvements"); (B) the renovation, reconstruction, refurbishment and upgrading of the Existing Improvements to accommodate (i) approximately 104 residential units comprised of approximately twenty-eight (28) one-bedroom units, approximately forty-nine (49) two-bedroom units and approximately twenty-seven (27) three-bedroom units (the "Residential Units") that, in accordance with the Internal Revenue Code of 1986, as amended (the "Code"), will be leased to households earning no more than either 50% or 60% of the area's median gross income; (ii) a non-subsidized superintendent's apartment; and (iii) various lobby, laundry and tenant storage facilities (collectively, the "Improvements"); (C) the acquisition of and installation in and around the Improvements of certain machinery, equipment and other items of tangible personal property (the "Equipment" and, collectively with the Land, the Existing Improvements and the Improvements, the "Facility"); (D) the paying of certain costs and expenses incidental to the issuance of the Bonds (the costs associated with items (A) through (D) above being hereinafter referred to as the "Project Costs"); and (E) the acquisition by the Issuer of fee title to or a leasehold (or other) interest in the Facility and the lease (with an obligation to purchase) or sale of such interest in the Facility back to the Company; and

WHEREAS, by resolution adopted on November 16, 2005 (the "Official Intent Resolution"), the Issuer (i) determined to proceed under the provisions of the Act to issue the Bonds in an aggregate principal amount not to exceed \$6,700,000 for the purpose of assisting in the financing Project, (ii) determined in accordance with the State Environmental Quality Review Act, constituting Article 8 of the New York State Environmental Conservation Law, and the regulations of the New York State Department of Environmental Conservation promulgated thereunder (collectively "SEQR"), that the Project will not have a "significant adverse impact" on the environment as defined under SEQR; and (iii) made a declaration of "official intent" (within the meaning of the United States Treasury Regulations Section 1.150-2(d)) with respect to the issuance of the Bonds in an aggregate principal amount not to exceed \$6,500,000; and

WHEREAS, the Issuer, by resolution adopted on February 7, 2007 (the "Inducement Resolution") (i) determined to increase the principal amount of Bonds to \$7,500,000; (ii) authorized the Issuer to hold a public hearing with respect to the Project; and (iii) authorized the Issuer to deliver notices in writing to the chief executive officer of each affected tax jurisdiction regarding the proposed deviation of the terms of PILOT Agreement (as hereinafter defined) from the Issuer's Uniform Tax Exemption Policy (the "Policy"); and

WHEREAS, on March 21, 2007, at 6:30 p.m., local time, at the Peekskill City Manager's Office, 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, in accordance with the Issuer's Policy and Section 874 of the Act, the Issuer provided written notice to Affected Tax Jurisdictions relating to a proposed deviation of the terms of the PILOT Agreement from the Issuer's Policy in connection with the Project; and

WHEREAS, the Issuer has waited at least thirty (30) days for comments from the Affected Tax Jurisdictions and, no comments on the proposed deviation of the terms of the PILOT Agreement from the Issuer's Policy having been received by the Issuer, the Issuer may proceed with respect to the Project; and

WHEREAS, on or about the date hereof, the Common Council of the City of Peekskill, New York, shall give its unconditional approval of the issuance of the Bonds in compliance with Section 147(f) of the Code; and

WHEREAS, the Bonds are being issued pursuant to a certain Trust Indenture (the "Indenture"), dated as of March 1, 2007 (or such other appropriate date), by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"); and

WHEREAS, in connection with the issuance of the Bonds, the Issuer and the Company shall enter into (i) a certain Company Lease, dated as of March 1, 2007 (or such other appropriate date) (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 March 1, 2007 (or such other appropriate date), by and among 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 Bonds; and

WHEREAS, as security for the Bonds (i) the Issuer shall assign to the Trustee substantially all of its rights (except the Unassigned Rights) under the Lease Agreement pursuant to the terms of a certain Pledge and Assignment, dated as of March 1, 2007 (or such other appropriate date), from the Issuer to the Trustee (the "Pledge and Assignment"); (ii) the Issuer and the Company will grant to the Trustee a mortgage lien on and security interest in the Facility pursuant to the terms of a certain Mortgage and Security Agreement, dated as of March 1, 2007 (or such other appropriate date), by and from the Issuer and the Company to the Trustee (the "Mortgage"), (iii) the Company will guaranty the payment of the principal of, premium, if any, and interest on Bonds pursuant to the terms of a certain Guaranty, dated as of March 1, 2007 (or such other appropriate date), from the Company to the Trustee (the "Guaranty"), and (iv) the Company has assigned to the Trustee all of its rights and interest in and to any now existing or future leases with respect to the Facility pursuant to a certain Assignment of Leases, Rents and Other Income, dated as of March 1, 2007 (or other such appropriate date), by and between the Company and the Trustee (the "Assignment of Leases."); and

WHEREAS, the Bonds will be purchased by CharterMac Capital, LLC (the "Initial Purchaser"), pursuant to a certain bond purchase agreement, dated the Closing Date, by and among the Initial Purchaser, the Issuer and the Company (the "Bond Purchase Agreement"); and

WHEREAS, pursuant to a certain Payment in Lieu of Tax Agreement (the "PILOT Agreement"), dated as of March 1, 2007 (or such other appropriate date), by and between the Issuer and the Company, 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; which PILOT shall be secured by a certain PILOT Mortgage, dated as of March 1, 2007 (or such other appropriate date), 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 City of Peekskill Industrial Development Issuer 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 Bonds 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 Bonds to be dated the date of their issuance and sale, upon the terms and conditions set forth in the Indenture, and to secure the Bonds 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 21, 2007, concerning the issuance of the Bonds 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 Bonds and the undertaking of the Project; and
- (g) The Project involves a Type II action as said term is 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 Bonds pursuant to the terms of the Indenture, (iii) use the proceeds of the Bonds 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 Bonds (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 Bonds, (vi) execute a certain Arbitrage Certificate, to be dated as of the date of issuance and delivery of the Bonds (the "Arbitrage Certificate"), (vii) execute the Bond Purchase 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 Bonds.

Section 3. The form and substance of the Bonds (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 Bonds submitted to this meeting with the records of the Issuer.

Section 4. The form and substance of the Indenture (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 Indenture 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 Bond Purchase 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 Bond Purchase Agreement submitted to this meeting with the records of the Issuer.

Section 9. 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 10. 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 11. 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 12. 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 13. The Issuer hereby authorizes its Chairman, Vice Chairman, President/CEO and CFO to approve the Bond Purchase Agreement, in a form consistent with the intent and substance of this resolution, such approval to be conclusively evidenced by the execution of the Bond Purchase Agreement by the Chairman, Vice Chairman, President/CEO and CFO 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, President/CEO or CFO 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 authorized to issue, execute, sell and deliver the Bonds to CharterMac Capital, LLC or an affiliate thereof, as Initial Purchaser, in the aggregate principal amount of up to \$7,500,000 in the form heretofore approved in Section 3 of this resolution, pursuant to the Act and in accordance with the Indenture, provided that:

(a) The Bonds 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 Chair, Vice Chair

and/or Chief Executive Officer of the Issuer shall determine, (ii) shall be in such aggregate principal amount (not to exceed \$7,500,000) as is hereinafter approved by the Chair, Vice Chair and/or Chief Executive Officer of the Issuer, (iii) shall bear interest at such rates as are set forth in the Bonds and the Indenture or as are hereinafter approved by the Chair, Vice Chair and/or Chief Executive Officer 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 Bonds and the Indenture, 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 Bonds 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 Bonds, as such costs are more specifically set forth in the Indenture; and

(c) The Bonds 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 Bonds, 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 Indenture.

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

Section 18. (a) The Chair, Vice Chair and/or Chief Executive Officer of the Issuer are hereby authorized, on behalf of the Issuer, to execute and deliver the Indenture, the Company Lease, the Lease Agreement, the Mortgage, the Pledge and Assignment, the Bond Purchase Agreement, the PILOT, the PILOT Mortgage, the Tax Regulatory Agreement, the Arbitrage Certificate, the Bonds 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 Chair, Vice Chair and/or Chief Executive Officer of the Issuer shall approve. The execution of the Financing Documents and the Information Return by the Chair, Vice Chair and/or Chief Executive Officer of the Issuer shall constitute conclusive evidence of such approval.

(b) The Chair, Vice Chair and/or Chief Executive Officer 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 Bonds from those set forth in the form of Bond, respectively, submitted to this meeting, including, without limitation, the aggregate principal amounts of the Bonds (not in excess of the maximum aggregate principal amount authorized in

Section 16 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 Indenture by the Chair, Vice Chair and/or Chief Executive Officer of the Issuer shall constitute conclusive evidence of such approval.

(c) The Chair, Vice Chair and/or Chief Executive Officer of the Issuer are further hereby authorized, on behalf of the Issuer, to designate any additional Authorized Representatives of the Issuer (as defined in and pursuant to the Indenture).

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 Chair, Vice Chair and/or Chief Executive Officer 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 Chair, Vice Chair and/or Chief Executive Officer of the Issuer.

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 Bonds shall be conditioned upon receipt by the Issuer of a private activity bond volume cap allocation with respect to the Bonds in accordance with Section 146 of the Code and with any applicable New York State law, such that interest on the Bonds 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 Bonds.

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

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

	<i>Yea</i>	<i>Nay</i>	<i>Absent</i>	<i>Abstain</i>
Vincent C. Vesce	[X]	[]	[X]	[]
Mel Burruss	[]	[]	[X]	[]
Edward Gibbs	[X]	[]	[]	[]
Carolyn R. Geisel	[]	[]	[X]	[]
Catherine E. Pisani	[X]	[]	[]	[]
Michael Anzovino	[X]	[]	[]	[]
William Schmidt	[]	[X]	[]	[]

The Resolutions were thereupon duly adopted.