

**PRELIMINARY INDUCEMENT RESOLUTION  
HEALTH ALLIANCE SENIOR LIVING CORP.  
D/B/A WOODLAND POND AT NEW PALTZ PROJECT – 2014 REFUNDING PROJECT**

A regular meeting of the Board of Directors of Ulster County Capital Resource Corporation (the “Issuer”) was convened in public session at the Karen Binder Library, 6th Floor, 244 Fair Street, Kingston, New York on July 9, 2014 at 8:00 a.m., local time.

The meeting was called to order by the (Vice) Chairman of the Board of Directors of the Issuer and, upon roll being called, the following directors of the Board of Directors of the Issuer were:

**PRESENT:**

Michael Horodyski	Chairman
John Morrow	Secretary
Stephen Perfit	Treasurer
Paul Colucci	Assistant Chairman/Assistant Secretary
Robert Kinnin	Assistant Chairman/Assistant Secretary
James Malcolm	Assistant Chairman/Assistant Secretary

**ABSENT:**

**AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:**

Suzanne Holt	Director, Office of Economic Development
Linda Clark	Office of Economic Development
A. Joseph Scott, III, Esq.	Agency Counsel

The following resolution was offered by \_\_\_\_\_, seconded by \_\_\_\_\_, to wit:

Resolution No. \_\_\_\_

**RESOLUTION TAKING PRELIMINARY OFFICIAL ACTION TOWARD THE  
ISSUANCE OF REVENUE BONDS IN AN AMOUNT SUFFICIENT TO FINANCE A  
CERTAIN REFUNDING PROJECT FOR HEALTH ALLIANCE SENIOR LIVING  
CORP. D/B/A WOODLAND POND AT NEW PALTZ AND AUTHORIZING THE  
EXECUTION AND DELIVERY OF A PRELIMINARY AGREEMENT WITH THE  
INSTITUTION WITH RESPECT TO SUCH FINANCING.**

WHEREAS, in May, 2010, a certificate of incorporation was filed with the New York Secretary of State’s Office (the “Certificate of Incorporation”) creating Ulster County Capital Resource Corporation (the “Issuer”), a New York not-for-profit corporation, pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as amended (the “Enabling Act”). Pursuant to the provisions of Revenue Ruling 57-187 and Private Letter Ruling 200936012, the Issuer was formed as a public instrumentality of Ulster County, New York (the “County”) only after the County Legislature of the County, as the governing body of the County, by resolution adopted on March 2, 2010 (the “Sponsor

Resolution”) (A) approved the incorporation of the Issuer and (B) appointed the initial members of the board of directors of the Issuer, who serve at the pleasure of the Legislature 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 October 31, 2007, the Ulster County Industrial Development Agency issued the following revenue bonds to assist Health Alliance Senior Living Corp. d/b/a Woodland Pond at New Paltz (the “Institution”) in undertaking a project (the “Series 2007 Project”): (A) Civic Facility Revenue Bonds (Kingston Regional Senior Living Corp. - Woodland Pond at New Paltz Project), Series 2007A in the original aggregate principal amount of \$64,650,000 (the “Series 2007A Bonds”), (B) Civic Facility Revenue Bonds (Kingston Regional Senior Living Corp. - Woodland Pond at New Paltz Project), Series 2007B-1 Extendable Rate Adjustable Securities (EXTRASm) in the original aggregate principal amount of \$3,000,000 (the “Series 2007B-1 Bonds”), (C) Civic Facility Revenue Bonds (Kingston Regional Senior Living Corp. - Woodland Pond at New Paltz Project), Series 2007B-2 Extendable Rate Adjustable Securities (EXTRASm) in the original aggregate principal amount of \$4,000,000 (the “Series 2007B-2 Bonds”, and collectively with the Series 2007B-1 Bonds, the “Series 2007B Bonds”) (the Series 2007B Bonds and the Series 2007A Bonds, hereinafter collectively the “Initial Fixed Rate Bonds”), (D) Tax-Exempt Variable Rate Demand Civic Facility Revenue Bonds (Kingston Regional Senior Living Corp. - Woodland Pond at New Paltz - Letter of Credit Secured Project), Series 2007C in the original aggregate principal amount of \$44,700,000 (the “Series 2007C Bonds”), and (E) Taxable Variable Rate Demand Civic Facility Revenue Bonds (Kingston Regional Senior Living Corp. - Woodland Pond at New Paltz - Letter of Credit Secured Project), Series 2007D in the original aggregate principal amount of \$1,140,000 (the “Series 2007D Bonds”, and collectively with the Series 2007C Bonds, the “Initial Variable Rate Bonds”) (the Initial Fixed Rate Bonds and the Initial Variable Rate Bonds being collectively referred to as the “Series 2007 Bonds”); and

WHEREAS, the Series 2007 Project consisted of the following: (A) (1) the acquisition of an interest in certain real estate containing approximately 83 acres located to the west of North Putt Corners Road between Shivertown Road and Erman Lane in the Village of New Paltz, Ulster County, New York (the “Initial Land”); (2) the construction of one approximately 354,000 square foot building and twelve separate cottages each containing approximately 3,500 square feet of space (collectively, the “Initial Facility”); and (3) the acquisition and installation thereon and therein of certain machinery and equipment located therein and thereon (the “Initial Equipment”) (the Initial Land, the Initial Facility and the Initial Equipment hereinafter collectively referred to as the “Initial Project Facility”), all of the foregoing to constitute a continuing care retirement community under Article 46 of the New York Public Health Law to be owned by and operated by the Institution; (B) the financing of all or a portion of the costs of the foregoing by the issuance of a series or multiple series of taxable and/or tax exempt revenue bonds of the Issuer in one or more issues or series in an aggregate principal amount sufficient to pay the cost of undertaking the Initial Project, together with necessary incidental costs in connection therewith, the maximum aggregate estimated amount of which is not to exceed \$100,000,000 (the “Obligations”); (C) the payment of a portion of the costs incidental to the issuance of the Obligations, including issuance

costs of the Obligations, the funding of a debt service reserve fund, the cost of obtaining credit enhancement and the paying of capitalized interest on the Obligations; (D) the granting of certain other “financial assistance” (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales taxes, mortgage recording taxes, deed transfer taxes, and real property taxes (collectively with the Obligations, the “Initial Financial Assistance”); and (E) the lease (with an obligation to purchase) or sale of the Initial Project Facility to the Institution and/or such other person as may be designated by the Institution and agreed upon by the Issuer.

WHEREAS, in July, 2014, the Institution 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 Institution, said Project to consist of the following: (A) the refunding of a portion of the Series 2007 Bonds; (B) the financing of all or a portion of the costs of the foregoing by the issuance of tax-exempt/taxable revenue bonds of the Issuer in one or more issues or series in an aggregate principal amount sufficient to pay the cost of undertaking the Project, together with necessary incidental costs in connection therewith, in an amount then estimated to be approximately \$15,000,000 and in any event not to exceed \$17,500,000 (the “Obligations”); (C) paying a portion of the costs incidental to the issuance of the Obligations, including issuance costs of the Obligations and any reserve funds as may be necessary to secure the Obligations and (D) the making of a loan (the “Loan”) of the proceeds of the Obligations to the Institution or such other person as may be designated by the Institution and agreed upon by the Issuer; and

WHEREAS, the acquisition, construction and installation of the Series 2007 Project is complete; and

WHEREAS, the Issuer desires to encourage the Institution to relieve and reduce unemployment, promote and provide for additional and maximum employment, better and maintain job opportunities for the inhabitants of Ulster County, New York by undertaking the Project in Ulster County, New York; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended, and the regulations (the “DEC Regulations”) adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, the “SEQR Act”), the Issuer has not yet made a preliminary determination as to the potential environmental significance of the Project and therefore has not yet determined whether an environmental impact statement is required to be prepared with respect to the Project; and

WHEREAS, with respect to any portion of the Obligations intended to be issued as federally tax-exempt obligations, interest on such portion of the Obligations will not be excludable from gross income for federal income tax purposes unless (A) pursuant to Section 147(f) of the Code and the regulations of the United States Treasury Department thereunder (the “Treasury Regulations”), the issuance of such portion of the Obligations is approved by the County Executive after the Issuer has held a public hearing on the nature and location of the Project Facility and the issuance of the Obligations as required by Section 147(f) of the Code; and (B) pursuant to Section 145(a) of the Code, all property which is to be provided by the net proceeds of such portion of the Obligations is to be owned by a Section 501(c)(3) organization or a governmental unit and at least ninety-five percent (95%) of the net proceeds of the Obligations are used with respect to (1) governmental units and/or (2) the activities of Section 501(c)(3) organizations which do not constitute “unrelated trades or businesses” (as defined in Section 513(a) of the Code) with respect to such Section 501(c)(3) organizations; and

WHEREAS, although the resolution authorizing the issuance of the Obligations and the undertaking of the Project has not yet been drafted for approval by the Issuer, a preliminary agreement

(the “Preliminary Agreement”) relative to the proposed issuance of the Obligations and the undertaking of the Project by the Issuer has been presented for approval by the Issuer;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF DIRECTORS OF ULSTER COUNTY CAPITAL RESOURCE CORPORATION, AS FOLLOWS:

Section 1. The Issuer has reviewed the Application and, based upon the representations made by the Institution to the Issuer in the Application and at this meeting, the Issuer hereby makes the following findings and determinations with respect to the Project:

(A) The issuance of the Obligations by the Issuer with respect to the Project will relieve and reduce unemployment, promote and provide for additional and maximum employment, better and maintain job opportunities for the inhabitants of Ulster County, New York, and thereby serve the public purposes of the Enabling Act; and

(B) It is desirable and in the public interest to issue the Obligations in a principal amount sufficient to pay the cost of undertaking the Project, together with necessary incidental expenses in connection therewith (collectively, the “Project Costs”), which Project Costs are presently estimated to be an amount not to exceed \$15,000,000;

provided, however, that the foregoing determinations shall not entitle or permit the Institution to commence the undertaking of the Project, nor commit the Issuer to issue any Obligations with respect to the Project, unless and until the Issuer shall decide to proceed with the Project following a determination by the Issuer that all requirements of the SEQR Act that relate to the Project and to the issuance of the Obligations have been fulfilled.

Section 2. If, following full compliance with the SEQR Act and the requirements of the Enabling Act, including the public hearing requirements set forth in Section 859-a of the General Municipal Law, the Issuer adopts a future resolution (the “Future Resolution”) determining to proceed with the Project and the Institution complies with all conditions set forth in this Resolution, the Preliminary Agreement and the Future Resolution, the Issuer will (A) authorize the issuance of the Obligations in such principal amount and with such maturities, interest rate or rates, redemption terms and other terms and provisions as shall be determined in accordance with the provisions of a further resolution of the Issuer; (B) make a loan to the Institution of the proceeds of the Obligations (the “Loan”) for the purpose of assisting in financing the Project; (C) enter into a loan agreement (hereinafter, the “Loan Agreement”) between the Issuer and the Institution whereby the Institution will be obligated, among other things, (1) to make payments to the Issuer in amounts and at times so that such payments will be adequate to pay the principal of, premium, if any, and interest on the Obligations and (2) to pay all costs incurred by the Issuer with respect to the Project and/or the Project Facility, including all costs of operation and maintenance, all taxes and other governmental charges, any required payments in lieu of taxes, if applicable, and all reasonable fees and expenses incurred by the Issuer with respect to or in connection with the Project and/or the Project Facility; and (D) secure the Obligations in such manner as the Issuer, the Institution and the purchasers of the Obligations shall mutually deem appropriate; all as contemplated by the Preliminary Agreement. If the proceeds from the sale of the Obligations are insufficient to finance the entire cost of the undertaking of the Project, the Issuer will, upon request of the Institution and subject to the provisions of the Preliminary Agreement and Section 3 hereof, use its best efforts to effect the issuance from time to time in the future of additional bonds, whether on a parity with the Obligations or otherwise, for the purpose of paying the cost of completing the undertaking of the Project.

Section 3. The issuance of the Obligations and any additional bonds by the Issuer, as contemplated by Section 2 of this Resolution, shall be subject to: (A) the determination by the Issuer to

proceed with the Project following a determination by the Issuer that all requirements of the SEQR Act that relate to the Project have been fulfilled; (B) execution and delivery by the Institution of the Preliminary Agreement, which sets forth certain conditions for the issuance of the Obligations by the Issuer, and satisfaction by the Institution of all the terms and conditions of the Preliminary Agreement applicable to the Institution; (C) agreement by the Issuer, the Institution and the purchasers of the Obligations on mutually acceptable terms for the Obligations and for the sale and delivery thereof and mutually acceptable terms and conditions for the security for the payment thereof; (D) agreement between the Institution and the Issuer as to payment by the Institution of the administrative fee of the Issuer with respect to the Project; (E) if interest on any portion of the Obligations is to be treated as excludable from gross income for federal income tax purposes, (1) pursuant to Section 145(a) of the Code, all property which is to be provided by the net proceeds of such portion of the Obligations must be owned by a Section 501(c)(3) organization or a governmental unit and at least ninety-five percent (95%) of the net proceeds of such portion of the Obligations must be used with respect to (a) governmental units and/or (b) the activities of Section 501(c)(3) organizations which do not constitute “unrelated trades or businesses” (as defined in Section 513(a) of the Code), and (2) the County Executive of Ulster County, New York must have approved the issuance of such portion of the Obligations after a public hearing on the issuance of the Obligations and the nature and location of the Project Facility has been held by the Issuer, as required by Section 147(f) of the Code; and (F) the following additional condition(s):

---

Section 4. The officers, agents and employees of the Issuer are hereby directed to proceed to comply with the provisions of the SEQR Act and to do such things or perform such acts as may allow the Issuer to proceed to its final consideration of the Project.

Section 5. It is intended that this Resolution shall constitute an affirmative official action toward the issuance of the Obligations within the meaning of Section 1.103-8(a)(5) and Section 1.150-2(e)(1) of the United States Treasury Regulations.

Section 6. The Institution is hereby authorized to conduct such environmental, engineering, economic, feasibility and other studies and preliminary planning and budgetary processes necessary or convenient to enable the Issuer to make its final determination whether to approve the Project, and the Institution is further authorized to advance such funds as may be necessary for such purpose, subject, to the extent permitted by law, to reimbursement from the proceeds of the sale of the Obligations, if the Obligations are issued; provided, however, that such authorization shall not entitle or permit the Institution to commence the undertaking of the Project unless and until the Issuer shall determine to proceed with the Project following a determination by the Issuer that all requirements of the SEQR Act that relate to the Project and to the issuance of the Obligations have been fulfilled. This Resolution constitutes a determination of compliance with technical requirements within the meaning of Section 617.3(c) of the DEC Regulations and does not constitute, and shall not be deemed to constitute, either an approval by the Issuer of the Project for the purposes of the SEQR Act or a commitment by the Issuer to issue the Obligations except upon satisfaction of the requirements of the SEQR Act, the requirements set forth in Section 3 hereof and the requirements set forth in the Preliminary Agreement.

Section 7. The law firm of Hodgson Russ LLP is hereby appointed Bond Counsel to the Issuer with respect to all matters in connection with the Project and the issuance of the Obligations. Bond Counsel for the Issuer is hereby authorized, at the expense of the Institution, to work with the Institution, counsel to the Institution, counsel to the Issuer, the purchasers of the Obligations and others to prepare, for submission to the Issuer, all documents necessary to effect the authorization, issuance, sale and delivery of the Obligations and the other transactions contemplated by this Resolution.

Section 8. The Issuer hereby authorizes the Chairman of the Issuer, prior to the issuance of any portion of the Obligations with respect to the Project, after consultation with the directors of the Issuer, (A) (1) to establish the time, date and place for a public hearing of the Issuer to hear all persons interested in the Project and the proposed financial assistance being contemplated by the Issuer with respect to the Project; (2) to cause notice of such public hearing to be given to the public by publishing a notice of such hearing in a newspaper of general circulation available to residents of the Village of New Paltz, New York, such notice to comply with the requirements of Section 859-a of the General Municipal Law and to be published no fewer than fourteen (14) days prior to the date established for such public hearing; (3) to cause notice of said public hearing to be given to the chief executive officer of the county and each town, village and school district in which the Project is to be located no fewer than fourteen (14) days prior to the date established for said public hearing; (4) to conduct such public hearing; and (5) to cause a report of said public hearing fairly summarizing the views presented at said public hearing to be promptly prepared and cause copies of said report to be made available to the directors of the Issuer and (B) to satisfy the public approval requirements contained in Section 147(f) of the Code.

Section 9. The Chairman, the Vice Chairman and/or the Director, Office of Economic Development is hereby authorized and directed to distribute copies of this Resolution to the Institution and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

Section 10. This Resolution shall take effect immediately.

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

Michael Horodyski	VOTING	_____
John Morrow	VOTING	_____
Stephen Perfit	VOTING	_____
Paul Colucci	VOTING	_____
Robert Kinnin	VOTING	_____
James Malcolm	VOTING	_____

The foregoing Resolution was thereupon declared duly adopted.

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

I, the undersigned (Assistant) Secretary of ULSTER COUNTY CAPITAL RESOURCE 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 July 9, 2014 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 19<sup>th</sup> day of July, 2014.

\_\_\_\_\_  
(Assistant) Secretary

(SEAL)