

At a special meeting of Orange County Industrial Development Agency, held at 252-272 Main Street, Goshen, New York, Room \_\_\_\_, on the 18th day of June, 1998, at 3:00 p.m. (local time) the following members of the Agency were:

PRESENT: Daniel J. Leo, Chairman  
~~John Steinberg, Jr.~~  
Albert J. Juliano  
Daniel F. Coleman  
Albert A. Favoino  
Edward Diana  
Henry P. Van Leeuwen

ABSENT: John Steinberg Jr.

ALSO PRESENT: Henry J. Holley, Esq., Agency Counsel and  
Administrative Director  
Stephen Patterson, Recording Secretary

After the meeting had been duly called to order, the Chairman announced that among the purposes of the meeting was to consider and take action on certain matters pertaining to the issuance and sale of the Agency's proposed Life Care Community Revenue Bonds (The Glen Arden, Inc. Project), Series 1998, moved by Henry Van Leeuwen seconded by Daniel J. Leo

The following resolution was duly moved, seconded, discussed and adopted with the following members voting: All present--six ayes on resolution

NAY: None

ABSENT: One

ABSTAIN: None

**RESOLUTION AUTHORIZING THE ISSUANCE, EXECUTION, SALE AND DELIVERY OF THE AGENCY'S LIFE CARE COMMUNITY REVENUE BONDS (THE GLEN ARDEN, INC. PROJECT) SERIES 1998, IN THE AGGREGATE PRINCIPAL AMOUNT OF UP TO \$30,000,000 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 390 of the Laws of 1972 of the State of New York, (hereinafter collectively called the "Act"), Orange County Industrial Development Agency (hereinafter called the "Agency") was created with the authority and power to issue its special revenue bonds for the purpose of, among other things, acquiring, constructing, reconstructing and equipping, manufacturing, warehousing, civic, research, commercial, or industrial facilities as authorized by the Act, including life care communities, as defined in the Act; and

WHEREAS, there had been submitted to the Agency by the Glen Arden, Inc., a not-for-profit corporation organized and existing under the laws of the State of New York (the "Company"), with offices at 6 Harriman Drive, Goshen, New York 10924, a proposal that the Agency issue its Life Care Community Revenue Bonds in the aggregate principal amount of up to \$30,000,000 pursuant to the Act for the purpose of assisting in financing a certain project (the "Project") consisting of (A) the refunding of the Agency's Life Care Community Revenue Bonds (The Glen Arden, Inc. Project), Series 1994, issued on December 28, 1994, in the original aggregate principal amount of \$48,510,000 (the "Series 1994 Bonds"), and (B)(i) the construction of certain additional improvements to the Facility (as hereinafter defined) consisting of the conversion of the four existing two-bedroom independent living units into eight one-bedroom independent living units and (ii) the acquisition and installation in and around the Facility of certain items of machinery, equipment, furniture and other tangible personal property (collectively, the "Series 1998 Project"); and

WHEREAS, the proceeds of the Series 1994 Bonds were applied to pay for the acquisition, construction and equipping of a life care community located on an approximately 41 acre parcel of land at the intersection of Harriman Drive with New York State Route 17, in the Village of Goshen, Orange County, New York (collectively, the "Land"), and consisting of (i) an approximately 245,000 square foot building containing approximately 163 independent living units, a health care center containing approximately 40 skilled nursing beds, common areas, including, without limitation, dining rooms, kitchens, activity areas, lobbies and other facilities, (ii) an approximately 3,000 square foot building to be used for administrative offices and an information center, (iii) parking facilities, and (iv) other related and appurtenant facilities (collectively, the "Improvements") and certain machinery, equipment, furniture, fixtures and other items of tangible personal property to be installed in and around the Improvements (collectively, the "Equipment"); the Land, the Improvements and the Equipment shall be collectively referred to as the "Facility"; and

WHEREAS, the Series 1994 Bonds were issued pursuant to, and are secured by, a certain Indenture of Trust, dated as of December 1, 1994 (the "Series 1994 Indenture"), between the Agency and The Bank of New York, as trustee (the "Series 1994 Trustee") and the Facility was sold by the Agency to the Company, pursuant to the terms of a certain Sale Agreement, dated as of December 1, 1994 (the "Original Sale Agreement"), between the Issuer and the Company; and

WHEREAS, the Agency, by inducement resolution duly adopted on May 7, 1998, decided to proceed under the provisions of the Act to issue its life care community revenue bonds in the aggregate principal amount not exceeding \$30,000,000 for the purpose of assisting in financing the cost of undertaking the Project, paying certain incidental costs and expenses in connection with the issuance of the Bonds, and funding a debt service reserve fund to secure the Bonds, and authorized the execution and delivery of an agreement by and between the Agency and the Company (the "Inducement Agreement") relating thereto; and

WHEREAS, in accordance with Section 859 of the Act the Issuer conducted a public hearing on the issuance of the Bonds and the nature and location of the Facility on June 5, 1998, following the publication on May \_\_, 1998, in the *Times Herald Record* of a notice of said public hearing; and

WHEREAS, 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, ("SEQRA") the Agency, in the Inducement Resolution, determined that the Project would not have a significant effect on the environment and that all of the provisions of SEQRA that are required to be complied with as a condition precedent to the issuance of the Bonds to finance the Project have been satisfied; and

WHEREAS, pursuant to a letter dated June 16 1998, the New York State Continuing Care Retirement Community Council issued to the Company a Certificate of Authorization for the Bonds in accordance with Section 4604-a of the State Public Health Law; and

[WHEREAS, by letter dated June 17 1998, the Honorable Joseph Rampe, Orange County Executive, approved the issuance of the Agency's bonds to finance the Project, in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and]

WHEREAS, Salomon Smith Barney Inc. and Herbert J. Sims & Co., Inc. (collectively, the "Underwriter") has agreed to purchase the Agency's bonds to be issued to finance the Project, in the aggregate principal amount of up to \$30,000,000, but only if, among other things, as security for the Bonds the Issuer and the Company grant a first mortgage lien on and first security interest in the Facility to The Bank of New York, as trustee (the "Trustee"), for the benefit of the holders of the Bonds, pursuant to a certain Mortgage and Security Agreement (the "Mortgage"), to be dated as of June 1, 1998 from the Agency and the Company to the Trustee.

NOW, THEREFORE, BE IT RESOLVED by Orange County Industrial Development Agency as follows:

Section 1. The Agency hereby finds and determines:

(a) By virtue of the Act, the Agency 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; and

(b) The Facility constitutes a "project", as such term is defined in the Act; and

(c) The refunding of the Series 1994 Bonds and the financing of the Series 1998 Project and sale of the Facility to the Company will serve the public purposes of the Act by preserving permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State of New York; and

(d) The operation of the Facility 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 Orange County, New York; and

(e) It is desirable and in the public interest for the Agency to issue and sell its Life Care Community Revenue Bonds (The Glen Arden, Inc. Project), Series 1998 (hereinafter called the "Bonds") in the aggregate principal amount of up to \$30,000,000, to be dated June 1, 1998, upon the terms and conditions set forth in a certain Indenture of Trust, to be dated as of June 1, 1998 (the "Indenture"), by and between the Agency and the Trustee and to secure the Bonds by, among other things, the execution and delivery to the Trustee of the Indenture and the Mortgage, all for the purpose of assisting in financing (i) the cost of the Project, (ii) necessary incidental expenses in connection therewith, and (iii) the funding of a debt service reserve fund to secure the Bonds; and

(f) The Agency hereby consents to the location of the site of the Facility; and

(g) The public hearing held by the Agency on June 5, 1998, concerning the issuance of the Bonds and the nature and location of the Facility was duly held in accordance with the requirements of the Code and the laws of the State of New York, 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 location and nature of the Facility to be heard; and

Section 2. In consequence of the foregoing, the Agency hereby determines to (i) issue the Bonds pursuant to the terms of the Indenture, (ii) use the proceeds of the Bonds to (A) assist in undertaking the refunding the Series 1994 Bonds and undertaking the Series 1998 Project, (B) pay certain incidental expenses in connection therewith, and (C) fund a debt service reserve fund securing the Bonds, (iii) defease the Series 1994 Bonds with the proceeds of the Bonds and other moneys held by the Series 1994 Trustee and/or made available by the Company, and discharge the lien of the Series 1994 Indenture, in accordance with Article VII of the Series 1994 Indenture, (iv) amend and restate the Original Sale Agreement in its entirety and sell the Facility to the Company, pursuant to a certain Amended and Restated Sale Agreement, to be dated as of June 1, 1998, by and between the Agency and the Company (the "Sale Agreement"), (v) secure the Bonds by assigning to the Trustee certain of the Agency's rights and remedies under the Sale Agreement (except for certain Unassigned Rights defined therein) and by granting a first mortgage lien on and a first security interest in the Facility to the Trustee, all pursuant to the terms of the Mortgage, (vi) execute a certain Tax Compliance Agreement, to be dated as of the date of issuance and delivery of the Bonds (the "Tax Compliance Agreement"), pursuant to which the Agency and the Company make certain representations and covenants to ensure the continued tax-exempt status of the Bonds, (vii) execute a certain purchase contract, with respect to the initial sale of the Bonds (the "Bond Purchase Agreement"), by and among the Agency, the Company and the Underwriter; (viii) publish and disseminate to potential purchasers of the Bonds an official statement relating to the issuance and initial sale of the Bonds (the "Official Statement"), and (ix) 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 Agency.

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 Indenture submitted to this meeting with the records of the Agency.

Section 5. The form and substance of the Sale 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 Sale Agreement submitted to this meeting with the records of the Agency.

Section 6. 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 Mortgage submitted to this meeting with the records of the Agency.

Section 7. The form and substance of the Tax Compliance Agreement (in substantially the form presented to this meeting) are hereby approved, and the Secretary is hereby directed to include copies of the Tax Compliance Agreement and the Information Return submitted to this meeting with the records of the Agency.

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 copies of the Bond Purchase Agreement submitted to this meeting with the records of the Agency.

Section 9. The form and substance of the Official Statement (in substantially the form presented to this meeting) are hereby approved and the Secretary is hereby directed to include copies of the Official Statement submitted to this meeting with the records of the Agency.

Section 10. The Agency hereby determines to execute the Information Return in such form as is hereinafter approved by the Chairman (or Vice Chairman) of the Agency in accordance with Section 13 hereof, and to file the same with the Internal Revenue Service.

Section 11. The Agency is hereby authorized to issue, execute, sell and deliver to the Underwriter the Bonds in the aggregate principal amount of up to \$30,000,000 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 10 (i) shall be issued, executed and delivered at such time as the Chairman (or Vice Chairman) of the Agency shall determine, (ii) shall be in such aggregate principal amount (not to exceed \$30,000,000) as is hereinafter approved by the Chairman (or Vice Chairman) of the Agency in accordance with Section 13 hereof, (iii) shall bear interest at such rates as are set forth in the Bonds and the Indenture or as are hereinafter approved by the Chairman or Vice Chairman of the Agency in accordance with Section 13 hereof, 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.

(b) The Bonds shall be issued solely for the purpose of providing funds to finance the Costs of the Project (as such term is defined in the Indenture), the administrative, legal, financial, and other expenses of the Agency in connection with the Project and incidental to the issuance of the Bonds, as such costs are more specifically set forth in Section 4.3 of the Sale Agreement, and the funding of a debt service reserve fund securing the Bonds to the extent required by the Indenture.

(c) The Bonds and the interest thereon are not and shall never be adebt of the State of New York or Orange County, New York, and neither the State of New York nor Orange County, New York shall be liable thereon.

(d) The Bonds, together with interest payable thereon, shall be special obligations of the Agency payable solely from the revenues and receipts derived from the sale of the Facility or from the enforcement of the security provided by the Indenture.

Section 12. Notwithstanding any other provision of this resolution, the Agency 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 13. (a) The Chairman (or Vice Chairman) of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Sale Agreement, the Indenture, the Mortgage, the Tax Compliance Agreement, the Bond Purchase Agreement, the Official Statement, and the Bonds (hereinafter collectively called the "Financing Documents"), and the Information Return, and the Secretary of the Agency is hereby authorized to affix the seal of the Agency thereto where appropriate and to attest the same, all in substantially the forms thereof presented to this meeting with such changes, variations, omissions and insertions as the Chairman (or Vice Chairman) shall approve. The execution of the Financing Documents and the Information Return by the Chairman (or Vice Chairman) shall constitute conclusive evidence of such approval.

(b) The Chairman (or Vice Chairman) of the Agency is hereby further authorized and directed, on behalf of the Agency, to approve, without further action of the Agency, any variations in the terms of the Bonds from those set forth in the form of the Bonds 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 11 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 Chairman (or Vice Chairman) shall constitute conclusive evidence of such approval.

(c) The Chairman (or Vice Chairman) of the Agency is hereby further authorized and directed, on behalf of the Agency, to execute and deliver such documents and instruments as, in the opinion of such officer, upon the advice of Counsel and Bond Counsel to the Agency, are reasonable or necessary in order to defease the Series 1994 Bonds in accordance with the Series 1994 Indenture, including, without limitation an escrow deposit agreement with, or irrevocable letter of instructions to, the Series 1994 Trustee, satisfying the requirements of Section 7.02 of the Series 1994 Indenture. Such documents and

instruments shall be in such form and substance as the Chairman (or Vice Chairman) of the Agency may hereinafter approve and the execution of any such documents or instrument by the Chairman (or Vice Chairman) of the Agency shall constitute conclusive evidence of such approval thereof.

(d) The Chairman (or Vice Chairman) is further hereby authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Sale Agreement).

Section 14. The officers, employees, and agents of the Agency are hereby authorized and directed for and in the name and or behalf of the Agency 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 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 the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants, and provisions of the Financing Documents binding upon the Agency.

Section 15. It is hereby found and determined that all formal actions of the Agency concerning and relating to the adoption of this resolution were adopted in an open meeting of the Agency; and that all deliberations of the Agency 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 16. This resolution shall take effect immediately and the Bonds are hereby ordered to be issued in accordance with this resolution.

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

The undersigned, being the Secretary of Orange County Industrial Development Agency, DOES HEREBY CERTIFY THAT:

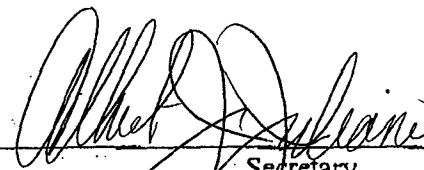
I have compared the foregoing extract of the minutes of the meeting of Orange County Industrial Development Agency (the "Agency") including the resolution contained therein, held on the 18th day of June, 1998, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same relates to the subject in matters therein referred to.

I FURTHER CERTIFY that all members of said Agency 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 Agency 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 seal of said Agency this 18 day of June, 1998.

  
Secretary

[SEAL]