

BOND RESOLUTION, DATED JULY 14, 2016, AUTHORIZING THE ISSUANCE OF UP TO \$2,375,000 AGGREGATE PRINCIPAL AMOUNT SERIAL BONDS OF THE TOWN OF NEW PALTZ, COUNTY OF ULSTER, STATE OF NEW YORK, PURSUANT TO THE LOCAL FINANCE LAW, TO FINANCE THE DESIGN AND CONSTRUCTION OF AN ALTERNATE TOWN AND VILLAGE WATER SUPPLY SYSTEM IN WATER DISTRICT NO. 5.

WHEREAS, the Town Board of the Town of New Paltz (the “Town”), a municipal corporation of the State of New York (the “State”), located in the County of Ulster (the “County”), together with the Village of New Paltz, a municipal corporation of the State, located in the County, receive their water supply from the Delaware Aqueduct and the Catskill Aqueduct (the “Aqueduct”), controlled and operated by the City of New York (the “City”); and

WHEREAS, the City notified the Town and the Village that the City will close the Aqueduct for an extended period of time to make repairs and improvements to the Aqueduct, thereby causing the Town and the Village to provide an alternative water supply system for the Town and the Village; and

WHEREAS, the Town and the Village determined the most efficient alternate water supply system would be to establish wells on certain property in the Town (the “Property”) and connect the water derived therefrom to the Village water filtration plant (the “Alternate Water Supply System”) such that the distribution of pure water for persons and properties in the Town and the Village from the Village water filtration plant continues uninterrupted; and

WHEREAS, in furtherance of providing the Alternative Water Supply System, the Town established Water District No. 5 (the “District”) pursuant to proceedings undertaken under Article 12 of the Town Law on February 25, 2016 and determined that the estimated maximum cost of the design and construction of the Alternative Water System, excluding the cost of the acquisition of land, is \$2,375,000; and

WHEREAS, in furtherance of providing the Alternative Water Supply System, the Town entered into a purchase option agreement (the “Agreement”), dated April 14, 2016, with the owner of the Property located within the District upon which the Alternative Water Supply System will be designed and constructed; and

WHEREAS, pursuant to a contract by and between the Town and the City, dated June 30, 2015 (the “City Agreement”), the City agrees to reimburse the Town for its costs to acquire, design and construct the Alternate Water System (including the Property); and

WHEREAS, in compliance with the State Environmental Quality Review Act (“SEQRA”), the Town assumed the role of Lead Agency by resolution of the Town Board adopted on September 9, 2015, and thereafter determined the Alternative Water System to be a Type 1 action, and thereafter reported findings and determinations on February 25, 2016 that the Alternative Water System, including the acquisition of the Property and the establishment of the District, will have no adverse impact on the environment (the “Findings”), and thereafter filed and distributed the Findings in the places and to the parties required by SEQRA; and

WHEREAS, all contracts, agreements, findings and determinations entered into and made by the Town, and to the knowledge of the Town Board, by the Village, with respect to all aspects of the Alternative Water System, have been duly authorized by resolution or other official action of the Town Board of the Town and the Board of Trustees of the Village,

NOW, THEREFORE, BE IT RESOLVED by the Town Board of the Town of New Paltz, County of Ulster, State of New York, as follows:

Section 1. There is hereby authorized to be issued serial bonds of the Town, and/or bond anticipation notes issued in anticipation of the issuance of such serial bonds, in the aggregate principal amount not to exceed \$2,375,000, pursuant to the Local Finance Law, in order to finance the costs of the design and construction of the Alternate Water Supply, including the acquisition of any applicable

equipment, machinery, and apparatus necessary therefor and any preliminary and incidental costs related thereto (collectively, the "Design/Construction Project").

Section 2. The Town Board has ascertained and hereby states that (a) the estimated maximum costs of the Design/Construction Project are not to exceed \$2,375,000; (b) no money has heretofore been authorized to be applied to the payment of the costs of the Design/Construction Project; (c) the Town Board plans to finance the costs of the Design/Construction Project from the proceeds of the serial bonds authorized herein, and/or of bond anticipation notes issued in anticipation of the issuance of such serial bonds, except to the extent of the receipt by the Town of moneys pursuant to the City Agreement which amounts received will reduce the amount of serial bonds authorized herein *pro tanto*; (d) the maturity of such serial bonds authorized herein shall not be in excess of five (5) years; and (e) on or before the expenditure of moneys to pay for any costs in connection with the Design/Construction Project for which the proceeds of any obligations authorized herein are to be applied to reimburse the Town, the Town Board took "official action" for federal income tax purposes to authorize the capital financing of such expenditure.

Section 3. It is hereby determined that the Land Project is a specific object or purpose, or of a class of object or purpose, as described in subdivision 4 of paragraph a of Section 11.00 of the Local Finance Law and that the period of probable usefulness of the Land Project is forty (40) years. The serial bonds authorized herein shall have a maximum maturity of five (5) years computed from the earlier of (a) the date of issuance of such serial bonds, or (b) the date of issuance of the first bond anticipation notes issued in anticipation of the issuance of such serial bonds; provided, however, this resolution may be amended without submission to permissive referendum to provide that serial bonds shall have a maximum maturity not in excess of the period of probable usefulness for such specific object or purpose.

Section 4. Subject to the terms and conditions of this bond resolution and the Local Finance Law, including the provisions of Sections 21.00, 30.00, 50.00 and 56.00 to 60.00, inclusive, the power to authorize serial bonds as authorized herein, and bond anticipation notes issued in anticipation of the issuance of such serial bonds, including renewals thereof, the power to prescribe the terms, form and contents of such serial bonds and such bond anticipation notes, and the power to issue, sell and deliver such serial bonds and such bond anticipation notes, are hereby delegated to the Town Supervisor, as the chief fiscal officer of the Town. The Town Supervisor is hereby authorized to execute on behalf of the Town all serial bonds issued pursuant to this bond resolution, and all bond anticipation notes issued in anticipation of the issuance of such serial bonds, and the Town Clerk is hereby authorized to impress the seal of the Town (or to have imprinted a facsimile thereof) on all such serial bonds and all such bond anticipation notes and to attest such seal. Each interest coupon, if any, representing interest payable on such serial bonds shall be authenticated by the manual or facsimile signature of the Town Supervisor.

Section 5. The faith and credit of the Town are hereby and shall be irrevocably pledged for the punctual payment of the principal of and interest on all obligations authorized and issued pursuant to this bond resolution as the same shall become due.

Section 6. When this bond resolution takes effect, the Town Clerk shall cause the same to be published, together with a notice in substantially the form prescribed by Section 81.00 of the Local Finance Law, in The New Paltz Times, a newspaper having a general circulation in the Town. The validity of the serial bonds authorized herein, and of bond anticipation notes issued in anticipation of the issuance of such serial bonds, may be contested only if such obligations are authorized for an object or purpose, or class of object or purpose, for which the Town is not authorized to expend money, or the provisions of law, which should have been complied with at the date of the publication of this bond resolution, were not substantially complied with, and an action, suit or proceeding contesting such validity is commenced within twenty (20) days after the date of such publication, or if

such obligations are authorized in violation of the provisions of the Constitution of the State of New York.

Section 7. Prior to the issuance of any obligations authorized herein, the Town Board shall comply with all applicable provisions prescribed in Article 8 of the Environmental Conservation Law, all regulations promulgated thereunder by the New York State Department of Environmental Conservation, and all applicable Federal laws and regulations in connection with environmental quality review relating to the Design/Construction Project (collectively, the “environmental compliance proceedings”). In the event that any of the environmental compliance proceedings are not completed, or require amendment or modification subsequent to the date of adoption of this bond resolution, the Town Board will re-adopt, amend or modify this bond resolution prior to the issuance of any obligations authorized herein upon the advice of bond counsel. It is hereby determined, confirmed and ratified by the Town Board that the Design/Construction Project will not have a significant effect on the environment.

Section 8. The Town hereby declares its intention to issue the serial bonds authorized herein, and/or bond anticipation notes issued in anticipation of the issuance of such serial bonds (collectively, the “obligations”), to finance the costs of the Design/Construction Project. The Town covenants for the benefit of the holders of such obligations that it will not make any use of the proceeds of such obligations, any funds reasonably expected to be used to pay the principal of or interest on such obligations, or any other funds of the Town, and will not make any use of the Design/Construction Project which would cause the interest on such obligations to become subject to federal income taxation under the Internal Revenue Code of 1986, as amended (the “Code”) (except for the federal alternative minimum tax imposed on corporations by section 55 of the Code), or subject the Town to any penalties under section 148 of the Code, and that it will not take any action or omit to take any action with respect to such obligations, the proceeds thereof or the Design/Construction Project financed thereby, if such action or omission would cause the interest on such obligations to become subject to federal income taxation under the Code (except for the federal alternative minimum tax imposed on corporations by section 55 of the Code), or subject the Town to any penalties under section 148 of the Code. The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of any serial bonds authorized and issued under this bond resolution, or any other provisions hereof, until the date which is sixty (60) days after the final maturity date or earlier prior redemption date thereof. The proceeds of any obligations authorized herein may be applied to reimburse expenditures or commitments of the Town made in connection with the Design/Construction Project on or after a date which is not more than sixty (60) days prior to the adoption date of this bond resolution by the Town Board.

Section 9. For the benefit of the holders and beneficial owners from time to time of the serial bonds authorized herein, and of bond anticipation notes issued in anticipation of the issuance of such serial bonds, the Town agrees, in accordance with, and as an obligated person with respect to such obligations under, Rule 15c2-12 (the “Rule”) promulgated by the Securities Exchange Commission pursuant to the Securities Exchange Act of 1934, to provide or cause to be provided such financial information and operating data, financial statements and notices, in such manner as may be required for purposes of the Rule. In order to describe and specify certain terms of the Town’s continuing disclosure agreement for that purpose, and thereby to implement that agreement, including provisions for enforcement, amendment and termination, the Town Supervisor is authorized and directed to sign and deliver, in the name and on behalf of the Town, the commitment authorized by subsection 6(c) of the Rule (the “Commitment”) to be placed on file with the Town Clerk, which shall constitute the continuing disclosure agreement made by the Town for the benefit of holders and beneficial owners of such obligations authorized herein in accordance with the Rule, with any changes or amendments that are not inconsistent with this bond resolution and not substantially adverse to the Town and that are approved by the Town Supervisor on behalf of the Town, all of which shall be conclusively evidenced

by the signing of the Commitment or amendments thereto. The agreement formed collectively by this paragraph and the Commitment shall be the Town's continuing disclosure agreement for purposes of the Rule, and its performance shall be subject to the availability of funds and their annual appropriation to meet costs the Town would be required to incur to perform thereunder. The Town Supervisor is further authorized and directed to establish procedures in order to ensure compliance by the Town with its continuing disclosure agreement, including the timely provision of information and notices. Prior to making any filing in accordance with the agreement or providing notice of the occurrence of any material event, the Town Supervisor shall consult with, as appropriate, the Town Attorney and bond counsel or other qualified independent special counsel to the Town and shall be entitled to rely upon any legal advice provided by the Town Attorney or such bond counsel or other qualified independent special counsel of the Town in determining whether a filing should be made.

Section 10. This bond resolution will take effect upon its adoption by the Town Board.

**TOWN OF NEW PALTZ
COUNTY OF ULSTER, NEW YORK**

ESTOPPEL NOTICE

The bond resolution published herewith was adopted by the Town Board of the Town of New Paltz (the "Town"), a municipal corporation of the State of New York, located in the County of Ulster, on July 14, 2016. The validity of the obligations authorized by such bond resolution may be hereafter contested only if such obligations were authorized for an object or purpose, or class of object or purpose, for which the Town is not authorized to expend money, or the provisions of law, which should have been complied with at the date of the publication of this notice, were not substantially complied with, and an action, suit or proceeding contesting such validity is commenced within twenty (20) days after the date of the publication of this notice, or if such obligations are authorized in violation of the provisions of the Constitution of the State of New York.

Date: July 15, 2016

ROSANNA MAZZACCARI
Town Clerk
Town of New Paltz, New York