

Approving The Issuance Of Certain Bonds By Ulster County Industrial Development Agency To Refinance Prior Debt Issued In 1999 For The Benedictine Hospital Project

The Economic Development, Housing, Planning and Transit Committee (Chairman Rodriguez and Legislators Berardi, Gregorius, Loughran, Sheeley, Alfonso and Roberti) offers the following:

WHEREAS, pursuant to Article 18-A of the General Municipal Law of the State of New York and Chapter 787 of the Laws of 1976 of the State of New York (herein collectively called the "Act"), the County Legislature of Ulster County, New York (the "County Legislature") has heretofore appointed the Chairman and members of the Ulster County Industrial Development Agency (the "Issuer") and has duly caused to be filed in the office of the Secretary of the State of New York the certificates required by Section 923 of the General Municipal Law of the State of New York, and

WHEREAS, to accomplish its stated purposes, the Issuer is authorized and empowered under the Act to issue its industrial development revenue bonds to finance the cost of the acquisition, construction and installation of one or more "projects" (as defined in the Act), to acquire, construct and install said projects or to cause said projects to be acquired, constructed and installed, and to convey said projects or to lease said projects with the obligation to purchase, and

WHEREAS, on June 23, 1999, the Issuer issued its Civic Facility Revenue Bonds (The Benedictine Hospital Project), Series 1999A in the original aggregate principal amount of \$15,000,000 (the "Prior Bonds") pursuant to the provisions of a resolution adopted by the members of the Issuer on June 16, 1999 and pursuant to the provisions of a trust indenture dated as of June 1, 1999 (the "Prior Indenture") between the Issuer and United States Trust Company of New York, as trustee (the "Prior Trustee"), in connection with a project (the "Prior Project") undertaken by the Issuer for the benefit of Benedictine Hospital (the "Institution"), a New York not-for-profit corporation, which Prior Project consisted of the following: (A) (1) the acquisition of an interest in a parcel of real estate containing approximately seven (7) acres of land and located at 105 Mary's Avenue in the City of Kingston, Ulster County, New York (the "Land"), together with the existing facility containing approximately 250,000 square feet of space (the "Existing Facility"), (2) the renovation of portions of the Existing Facility, (3) the construction of an addition to the Existing Facility to contain in the aggregate approximately 8,000 square feet of space (the "Addition") (the Existing Facility and the Addition hereinafter collectively referred to as the "Facility"), (4) the acquisition and installation therein and thereon of machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment hereinafter collectively referred to as the "Project Facility") and (5) the refinancing of certain indebtedness incurred by the Institution in undertaking certain capital improvements at the Project Facility, all of the foregoing to be owned and

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operated by the Institution as a medical hospital facility and any other directly or indirectly related activities; (B) the financing of all or a portion of the costs of the foregoing by the issuance of the Prior Bonds; (C) 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 real estate transfer taxes and mortgage recording taxes (collectively with the Prior Bonds, the "Prior Financial Assistance"); and (D) the sale of the Project Facility to the Institution pursuant to the terms of an installment sale agreement dated as of June 1, 1999 (the "Prior Installment Sale Agreement") between the Issuer, as seller, and the Institution, as purchaser, and

WHEREAS, in August, 2006, the Institution presented an application (the "Application") to the Issuer, which Application requested that the Issuer consider undertaking a project (the "Project") consisting of the following: (A) refunding the Prior Bonds; (B) refinancing of certain loans and leases incurred by the Institution with respect to the Project Facility (the "Prior Debt"); (C) the financing of all or a portion of the costs of the foregoing by the issuance of revenue bonds of the Issuer in one or more issues or series in an aggregate principal amount of approximately \$20,000,000 (the "Obligations"); (D) 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; (E) 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 real estate transfer taxes and mortgage recording taxes (collectively with the Obligations, the "Initial Financial Assistance"); and (F) the lease (with an obligation to purchase) or sale of the Project Facility to the Institution or such other person as may be designated by the Institution and agreed upon by the Issuer, and

WHEREAS, the County Legislature has been advised by the Issuer that the Issuer proposes to issue, subsequent to the adoption of this resolution, its civic facility revenue bonds from time to time in a principal amount sufficient to fund all or a portion of the cost of acquiring, constructing and installing the Project Facility, together with incidental costs in connection therewith, which principal amount is presently estimated to be approximately \$20,000,000, and

WHEREAS, the Institution has requested that interest on the Obligations be treated by the federal government as excludable from gross income for federal income tax purposes pursuant to section 145(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and

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WHEREAS, pursuant to Section 147(f) of the Code, interest on the Obligations will not be excludable from gross income for federal income tax purposes unless the issuance of the Obligations shall be approved by this County Legislature after the Issuer has conducted a public hearing thereon following reasonable public notice, and

WHEREAS, on September 27, 2006, the Issuer held a public hearing to consider both the issuance of the proposed Obligations and the nature and location of the proposed Project, and a report of said public hearing will be made available to each member of this County Legislature, and

WHEREAS, pursuant to Section 147(f) of the Code, the County Legislature desires to allow the interest on the Obligations to be treated as excludable from gross income for federal income tax purposes.

RESOLVED, by the County Legislature of Ulster County, New York as follows:

Section 1. For the sole purpose of qualifying the interest payable on the Obligations for exclusion from gross income for federal income tax purposes pursuant to the provisions of Section 145(a) of the Code, the County Legislature, as the elected legislative body of Ulster County, New York, hereby approves the issuance by the Issuer of the Obligations, provided that the Obligations, and the premium (if any) and interest thereon, shall be special obligations of the Issuer and shall never be a debt of the State of New York, Ulster County, New York or any political subdivision thereof (other than the Issuer), and neither the State of New York, Ulster County, New York nor any political subdivision thereof (other than the Issuer) shall be liable thereon.

Section 2. This resolution shall take effect immediately,
and moves its adoption.

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ADOPTED BY THE FOLLOWING VOTE:

AYES: 30 NOES: 0
(Absent: Legislators Felicello, Shapiro and
Sheeley)

FINANCIAL IMPACT:

\$20,000,000.00 – ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
BONDS