

Resolution Approving The Issuance Of Certain Bonds By Ulster County Industrial Development Agency To Finance A Certain Manufacturing Project For Viking Industries, Inc.

The Economic Development / Education, Tourism and Cultural Affairs Committee (Chairman Harris and Legislators Cummings, Felicello, Roberti, Bartels, Loughran and Zimet) 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 "Agency") and has duly caused to be filed in the office of the Secretary of the State of New York the certificates required by Section 856 of the General Municipal Law of the State of New York, and

WHEREAS, to accomplish its stated purposes, the Agency 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, Viking Industries, Inc. (the "Company") has presented an application (the "Application") to the Agency, a copy of which is on file at the office of the Agency, requesting that the Agency consider undertaking a project (the "Project") consisting of: (A) (1) the acquisition of an interest in a parcel of land containing approximately 34 acres located at 89 S. Ohioville Road in the Town of New Paltz, Ulster County, New York (the "Land"), together with two existing buildings located thereon, one containing 50,000 square feet (the "Large Existing Facility"), the other containing 1,000 square feet (the "Small Existing Facility", and collectively with the Large Existing Facility, the "Existing Facilities"), (2) the construction on the Land of a new addition to the Large Existing Facility containing approximately 22,000 square feet of space (collectively hereinafter referred to as the "Addition") (the Existing Facilities and the Addition hereinafter collectively referred to as the "Facility") and (3) the acquisition and installation therein and thereon of certain machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment being hereinafter collectively referred to as the "Project Facility"), all of the foregoing to be operated by the Company as a facility for the manufacture of corrugated board products and related products, 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 revenue bonds of the Agency 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, presently estimated to not exceed approximately \$1,500,000 (the "Bonds"); (C) the granting of certain

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other "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including exemption from certain sales taxes, deed transfer taxes, mortgage recording taxes and real property taxes (collectively with the Bonds, the "Financial Assistance"); and (D) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency, and

WHEREAS, the County Legislature has been advised by the Agency that the Agency proposes to issue, subsequent to the adoption of this resolution, the 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 \$1,500,000, and

WHEREAS, the Company has requested that interest on the Bonds be treated by the federal government as excludable from gross income for federal income tax purposes pursuant to Section 144(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and

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

WHEREAS, pursuant to Section 147(f) of the Code, on January 26, 2005, the Agency held a public hearing to consider both the issuance of the proposed Bonds and the nature and location of the proposed Project, and a report of said public hearing has been made available to each member of this County Legislature prior to this meeting, and

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

WHEREAS, Section 870 of the General Municipal Law of the State of New York specifically provides that neither the Bonds nor any other obligation of the Agency shall be a debt of Ulster County, New York, nor shall Ulster County, New York be liable thereon, and

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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 Bonds for exclusion from gross income for federal income tax purposes pursuant to the provisions of Section 144(a) of the Code, the County Legislature, as the elected legislative body of Ulster County, New York, hereby approves the issuance by the Agency of the Bonds, provided that the Bonds, and the premium (if any) and interest thereon, shall be special obligations of the Agency and shall never be a debt of the State of New York, Ulster County, New York or any political subdivision thereof (other than the Agency), and neither the State of New York, Ulster County, New York nor any political subdivision thereof (other than the Agency) shall be liable thereon.

Section 2. This resolution shall take effect immediately.

and moves its adoption.

ADOPTED BY THE FOLLOWING VOTE:

AYES: 32 NOES: 0
(Legislator Tipp left at 7:17 P.M.)

FINANCIAL IMPACT:

\$1,500,000.00 – UC Industrial Development Agency Bonds

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