

APPROVED MINUTES of the Special
Meeting of the City Council of the City of Rye held in
City Hall on December 19, 2006 at 7:00 P.M.

PRESENT:

STEVEN OTIS, Mayor
ANDREW C. BALL
MACK CUNNINGHAM
MATTHEW FAHEY
DUNCAN HENNES
GEORGE S. PRATT
HOWARD G. SEITZ
Councilmen

ABSENT: None

1. Pledge of Allegiance

Mayor Otis called the meeting to order and invited the Council to join in the Pledge of Allegiance.

2. Roll Call

Mayor Otis asked the City Clerk to call the roll; a quorum was present to conduct official city business.

3. Resolution authorizing the issuance of up to \$700,000 aggregate principal amount serial bonds to finance the costs of construction and reconstruction of highways and roads in and for the City, pursuant to the local finance law.

City Manager Paul Shew informed the Council that passage of the resolution authorizing \$700,000 to finance the costs of construction and reconstruction of highways and roads needs to be authorized by at least five members of the City Council so the four votes received at the last regular meeting of the City Council was not sufficient. Councilman Seitz had some objections about the generalized language of the bond saying he would like to see Theall Road mentioned specifically. The language in the bond resolution has been reviewed and approved by Bond Counsel and by Corporation Counsel and Mr. Shew confirmed that general language is typical. He said the Theall Road project would be bid specifically and the Council would have an opportunity during the bid review to determine how best to proceed. He also mentioned that a permissive bond referendum requires a waiting period of 45 days during which comments can be received. After the 45 days an additional posting of the bond must be made so the total time which must pass before the bond can be considered accepted is approximately 55 days. The City does not bid projects that do not have funding so passage at this meeting would allow time for a March award (late winter and early spring generally being the best time to bid projects for

optimal results while contractors plan their construction schedule). Councilmen Hennes and Fahey said they would vote against the resolution for the reasons stated in the last regular meeting of the City Council on December 13, 2006.

Mayor Otis made a motion, seconded by Councilman Ball, to adopt the following resolution:

BOND RESOLUTION, DATED DECEMBER 19, 2006, AUTHORIZING THE ISSUANCE OF UP TO \$700,000 AGGREGATE PRINCIPAL AMOUNT SERIAL BONDS OF THE CITY OF RYE, COUNTY OF WESTCHESTER, STATE OF NEW YORK, TO FINANCE THE COSTS OF THE CONSTRUCTION AND RECONSTRUCTION OF HIGHWAYS AND ROADS IN AND FOR THE CITY, PURSUANT TO THE LOCAL FINANCE LAW.

WHEREAS, the City Council of the City of Rye (the “City”), a municipal corporation of the State of New York, located in the County of Westchester, hereby determines that it is in the public interest of the City to authorize the financing of the costs of the construction and reconstruction of highways and roads in and for the City, including the acquisition of any applicable equipment, machinery, apparatus, land and rights-in-land necessary therefor and any preliminary and incidental costs related thereto, at a total estimated cost not to exceed \$700,000, all in accordance with the Local Finance Law;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Rye, in the County of Westchester, State of New York, as follows:

Section 1. There is hereby authorized to be issued serial bonds of the City, and/or bond anticipation notes issued in anticipation of the issuance of such serial bonds, in the aggregate principal amount not to exceed \$700,000, pursuant to the Local Finance Law, in order to finance the costs of the construction and reconstruction of highways and roads in and for the City (the “Project”).

Section 2. The City Council of the City has ascertained and hereby states that (a) the estimated maximum cost of the Project will not exceed \$700,000; (b) no money has heretofore been authorized to be applied to the payment of the costs of the Project; (c) the City Council of the City plans to finance the costs of the Project from the proceeds of the serial bonds as authorized herein, and/or of bond anticipation notes issued in anticipation of the issuance of such serial bonds; and (d) the maximum maturity of the serial bonds authorized herein shall be in excess of five (5) years.

Section 3. It is hereby determined that the Project is of a class of object or purpose as described in subdivision 20(c) of paragraph a of Section 11.00 of the Local Finance Law and that the period of probable usefulness of the Project is fifteen (15) years. The serial bonds authorized herein shall have a maximum maturity of the fifteen (15) years computed from the earlier of (a) the date of the first issue of such serial bonds, or (b) the date of the first issue of bond anticipation notes issued in anticipation of the issuance of such serial bonds.

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 the serial bonds 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 City Comptroller, as chief fiscal officer of the City. The City Comptroller is hereby authorized to execute by manual or facsimile signature on behalf of the City, all serial bonds authorized herein and all bond anticipation notes issued in anticipation of the issuance of such serial bonds, and the City Clerk is hereby authorized to impress the seal of the City (or 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 City Comptroller. In the absence of the City Comptroller, the Deputy City Comptroller is hereby authorized to exercise the powers delegated to the City Comptroller by this bond resolution

Section 5. When this bond resolution takes effect, the City Clerk shall cause the same, or a summary thereof, to be published, together with a notice in substantially the form prescribed by Section 81.00 of the Local Finance Law, in The Journal News, a newspaper having a general circulation in the City and, as a result thereafter, the validity of such 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 a class of object or purpose, for which the City is not authorized to expend money, or the provisions of law, which should have been complied with as of the date of the publication of this bond resolution, or such summary thereof, are 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 were authorized in violation of the provisions of the Constitution of the State of New York.

Section 6. The faith and credit of the City are hereby and shall be irrevocably pledged for the punctual payment of the principal of and interest on all obligations authorized herein as the same shall become due.

Section 7. The City hereby declares its intention to issue serial bonds as 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 Project. The City 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 City, and will not make any use of the 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 City 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 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 City to any penalties under Section 148 of the Code. The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the serial bonds authorized herein or any other provisions hereof until the date which is sixty (60) days after the final maturity date of such serial bonds or an earlier prior redemption date thereof. The proceeds of the serial bonds authorized herein, and any bond anticipation notes issued in anticipation of the issuance of such serial bonds, may be applied to reimburse expenditures or commitments made with regard to the 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 City. The City may expend general funds or other available moneys for the Project which shall be reimbursed from the proceeds of such obligations.

Section 8. Prior to the issuance of the serial bonds authorized herein, or of bond anticipation notes issued in anticipation of the issuance of such serial bonds, the City Council of the City 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 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 City Council of the City covenants that it will re-adopt, amend or modify this bond resolution prior to the issuance of any obligations authorized issued herein upon the advice of bond counsel. It is hereby determined by the City Council of the City that the Project will not have a significant impact or effect on the environment.

Section 9. For the benefit of the holders and beneficial owners from time to time of the serial bonds authorized herein, or of bond anticipation notes issued in anticipation of the issuance of such serial bonds, the City agrees, in accordance with and as an obligated person with respect to the obligations under, Rule 15c2-12 promulgated by the Securities Exchange Commission pursuant to the Securities Exchange Act of 1934 (the "Rule"), 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 City's continuing disclosure agreement for that purpose, and thereby implement that agreement, including provisions for enforcement, amendment and termination, the City Comptroller is authorized and directed to sign and deliver, in the name and on behalf of the City, the commitment authorized by subsection 6(c) of the Rule (the "Commitment"), to be placed on file with the City Clerk and which shall constitute the continuing disclosure agreement made by the City for the benefit of holders and beneficial owners of the 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 City and that are approved by the City Comptroller on behalf of the City, 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 City'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 City would be required to incur to perform thereunder. The City Comptroller is further authorized and directed to establish procedures in order to ensure compliance by the City 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 City Comptroller shall consult with, as appropriate, its Corporation Counsel and bond counsel or other qualified independent special counsel to the City and shall be entitled to rely upon any legal advice provided by its Corporation Counsel or such bond counsel or other qualified independent special counsel in determining whether a filing should be made.

Section 10. This bond resolution is subject to a permissive referendum in accordance with paragraph B of Section C21-9 of the City Charter and will take effect upon its adoption by the City Council of the City and the expiration of the period prescribed in the City Charter during which petitions for a permissive referendum may be submitted and filed with the City Clerk.

ROLL CALL:

AYES: Mayor Otis, Councilmen Ball, Cunningham, Pratt and Seitz
NAYS: Councilmen Fahey and Hennes
ABSENT: None

The resolution was adopted by a vote of 5-2.

4. Adjournment

There being no further business to discuss, Councilman Hennes made a motion, seconded by Councilman Fahey and unanimously carried, to adjourn the meeting at 7:45 P.M.

Respectfully submitted,

Susan A. Morison
City Clerk