

## INITIAL PROJECT RESOLUTION

*(Auburn Community Real Estate Company, Inc./Auburn Community Hotel, L.P. Project)*

A regular meeting of Auburn Industrial Development Authority was convened on March 17, 2010 at 3:30 p.m.

The following Resolution was duly offered and seconded, to wit:

Resolution No. \_\_\_\_\_

**RESOLUTION OF THE AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY (i) ACCEPTING THE APPLICATION OF AUBURN COMMUNITY REAL ESTATE COMPANY, INC./AUBURN COMMUNITY HOTEL, L.P. WITH RESPECT TO A CERTAIN PROJECT (AS MORE FULLY DESCRIBED BELOW); (ii) AUTHORIZING A PUBLIC HEARING WITH RESPECT TO THE PROJECT; AND (iii) DESCRIBING THE FORMS OF FINANCIAL ASSISTANCE BEING CONTEMPLATED BY THE AUTHORITY**

**WHEREAS**, the Auburn Industrial Development Authority (the "**Authority**") is authorized and empowered by the provisions of the Auburn Industrial Development Authority Act, Chapter 915 of the 1969 Laws of New York constituting Title 15 of Article 8 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of New York, as amended (the "**Act**"), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities, and facilities for use by a federal agency or medical facility, among others, and thereby to advance the job opportunities, health, general prosperity and economic welfare of the people of the City of Auburn and improve their medical care and standard of living; and

**WHEREAS**, Auburn Community Real Estate Company, Inc. and Auburn Community Hotel, L.P. (collectively, the "**Company**"), has requested the Authority's assistance with a certain project (the "**Project**") consisting of: (i) the acquisition of approximately 2.59 acres of land, and the structures thereon, near the intersections of State Street, Water Street and Arterial West in the City of Auburn, being more specifically identified as a closed section of Water Street and Tax Parcels 115.52-1-70, 71, 72.1, 82 and 84 (the "**Land**"); (ii) the construction thereon of a building of approximately 68,000 square feet for an 88-room Hilton Garden Inn with a mid-size conference center (the "**Building**"); (iii) the equipping of the Building for use as a hotel and conference center (the "**Equipment**", and collectively with the Land and the Building, the "**Facility**"); and (iv) the providing of certain financial assistance as described below with respect to the Facility; and

**WHEREAS**, pursuant to Section 2302 of the Act, the Authority desires to adopt a resolution describing the Project and the financial assistance that the Authority is contemplating with respect to the Project; and

WHEREAS, it is contemplated that the Authority will hold a public hearing and (i) negotiate an agent agreement (the "**Agent Agreement**") whereby the Authority will designate the Company as its agent for the purpose of acquiring, constructing and equipping the Facility, (ii) negotiate and enter into lease agreements (collectively, the "**Lease Agreement**") and/or a leaseback agreement (the "**Leaseback Agreement**") and payment-in-lieu-of-tax agreement (the "**PILOT Agreement**") with the Company, (iii) take title to or retain a leasehold interest in the Facility (once the Lease Agreement, Leaseback Agreement and PILOT Agreement have been negotiated), and (iv) provide financial assistance (the "**Financial Assistance**") to the Company in the form of (a) a sales and use tax exemption for purchases and rentals related to the acquisition, construction and equipping of the Facility, (b) a partial real property tax abatement through the PILOT Agreement, and (c) a mortgage recording tax exemption for the financing related to the Project; and

WHEREAS, pursuant to Section 2307 of the Act, prior to the Authority providing any Financial Assistance to the Company, the Authority, among other things, must hold a public hearing with respect to the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE AUTHORITY AS FOLLOWS:

Section 1. The Company has presented an application in a form acceptable to the Authority. Based upon the representations made by the Company to the Authority in the Company's application, the Authority hereby finds and determines that:

(A) By virtue of the Act, the Authority has been vested with all 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;

(B) The Authority has the authority to take the actions contemplated herein under the Act;

(C) The action to be taken by the Authority will further the purposes of the Authority under the Act by increasing employment opportunities in the City of Auburn, preventing economic deterioration and otherwise furthering the purposes of the Authority as set forth in the Act; and

(D) The Project will not result in the removal of a civic, commercial, industrial, or manufacturing plant of the Company or any other proposed occupant of the Facility from one area of the State of New York (the "**State**") to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Facility located within the State; and the Authority hereby finds that, based on the Company's application, to the extent occupants are relocating from one plant or facility to another, the Project is reasonably necessary to discourage the Facility occupants from removing such other plant or facility to a location outside the State and/or is reasonably necessary to preserve the competitive position of the Facility occupants in their respective industries.

Section 2. The proposed Financial Assistance being contemplated by the Authority includes (A) an exemption from all mortgage recording taxes with respect to any qualifying mortgage on the Facility to secure financings undertaken in furtherance of the Project; (B) an exemption from all state and local sales and use taxes with respect to the qualifying personal property included in or incorporated into the Facility or used in the acquisition, construction, renovation or equipping of the Facility; and (C) an abatement or exemption from real property taxes levied against the Facility pursuant to a PILOT Agreement to be negotiated.

Section 3. The Chairman, Vice Chairman and/or the Chief Executive Officer of the Authority are each hereby authorized, on behalf of the Authority, to cause the issuance of a notice of public hearing, hold a public hearing in compliance with the Act and negotiate (but not execute or deliver) the terms of (A) an Agent Agreement, whereby the Authority appoints the Company as its agent to undertake the Project, (B) a Lease Agreement whereby the Company leases the Facility to the Authority, (C) a related Leaseback Agreement conveying the Project back to the Company, (D) a PILOT Agreement, whereby the Company agrees to make certain payments-in-lieu-of real property taxes and (E) related documents; provided (i) the rental payments under the Leaseback Agreement include payments of all costs incurred by the Authority arising out of or related to the Project and indemnification of the Authority by the Company for actions taken by the Company and/or claims arising out of or related to the Project; and (ii) the terms of the PILOT Agreement is consistent with the Authority's Uniform Tax Exemption Policy or if there is a deviation from such policy that sufficient grounds are stated for such deviation as set forth in Section 2315 of the Act.

Section 4. The Authority is hereby authorized to schedule, notice and conduct a public hearing with respect to the Project in compliance with the Act and comply with the applicable provisions of the New York State Environmental Quality Review Act prior to the providing of Financial Assistance to the Company.

Section 5. The officers, employees and agents of the Authority are hereby authorized and directed for and in the name and on behalf of the Authority to do all acts and things required and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses 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 Authority with all of the terms, covenants and provisions of the documents executed for and on behalf of the Authority. If requested by the Company, the Financial Assistance granted to the Authority may be assigned by the Company to one or more affiliated entities and the Authority will enter into the foregoing agreements with such entities in such manner consistent with the intent of this Resolution.

Section 6. This Resolution shall take effect immediately upon adoption.

Upon motion duly made and seconded, the question of the adoption of the foregoing Resolution was duly put to a vote, which resulted as follows:

	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstain</u>
James Dacey, Chairman	✓		✓	
Laurie Ann Dido, Treasurer	✓			
Matthew Smith, Member	✓			
Sue Chandler, Member	✓			
Robert Buschman, Member	✓			
Monika Salvage, Member	✓			
William Graney, Member	✓			
Michael Kane, Member	✓			
Ginny Kent, Member	✓			

This Resolution was thereupon duly adopted.

STATE OF NEW YORK )  
COUNTY OF CAYUGA ) SS:

I, the undersigned Secretary of the Auburn Industrial Development Authority, DO  
HEREBY CERTIFY:

That I have compared the annexed extract of minutes of the meeting of the Auburn Industrial Development Authority (the "**Authority**"), including the Resolution contained therein, held on March 17, 2010, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Authority and of such Resolution set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

I FURTHER CERTIFY, that all members of said Authority 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 Authority 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 affixed the seal of said Authority this 17<sup>th</sup> day of March, 2010.

*Henry Kent*  
\_\_\_\_\_, Secretary

[SEAL]