



AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY

and

BLUEFIELD MANOR HOUSING, INC.

PAYMENT IN LIEU OF TAXES AGREEMENT
Dated as of December 1, 1999

\$4,300,000

Auburn Industrial Development Authority
1999 Civic Facility Revenue Bond
(Bluefield Manor Housing, Inc. Project)

THIS AGREEMENT, dated as of December 1, 1999, by and between the AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY, a public benefit corporation organized and existing under the laws of the State of New York, having an office at Memorial City Hall, Auburn, New York 13021 (the "Authority"), and BLUEFIELD MANOR HOUSING, INC., a not-for-profit corporation organized and existing under the laws of the State of New York with its offices at 60 Clark Street, Auburn, New York 13021 (the "Company").

W I T N E S S E T H

WHEREAS, pursuant to Title 15 of Article 8 of the Public Authorities Law of the State of New York (the "State") as amended from time to time; as enacted into law by Chapter 915 of the Laws of 1969 of the State (the "Act"), the Authority was created and empowered to, among other things, promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, civic and manufacturing facilities and thereby advancing the job opportunities, health, general prosperity and standard of living of the people of the City of Auburn; and

WHEREAS, the Act further authorizes the Authority to lease or sell its projects, to charge and collect rent therefore, to issue its bonds for the purpose of carrying out any of its corporate purposes and, as security for the payment of the principal and redemption price of, and interest on, any such bonds, to mortgage any or all of its facilities and to pledge the revenues and receipts therefrom to the payment of such bonds; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, the Authority was created for the benefit of the City of Auburn and the inhabitants thereof; and

WHEREAS, the Authority proposes to acquire an interest in the Facility described below and sell the Facility to the Company; and

WHEREAS, the project (the "Project") shall consist of (A)(i) the acquisition of approximately sixteen (16) acres of land located on Bluefield Road in the City of Auburn, New York, more particularly described on Exhibit A hereto (the "Land"); (ii) construction thereon of an approximately Fifty Thousand (50,000) square foot congregate building surrounded by approximately nine (9) duplex buildings and approximately three (3) single buildings (the "Building") and (iii) the installment therein of equipment and furnishings for use as housing facilities primarily designed to be occupied by individuals sixty (60) years of age or older (the Land, Building and Equipment shall be referred to herein as the "Facility") and (B) the financing of a portion of the costs of the foregoing by the issuance of the Bond (as hereinafter defined); and

WHEREAS, the Authority proposes to finance a portion of the costs of the Project by the issuance of its 1999 Civic Facility Revenue Bond (Bluefield Manor Housing, Inc. Project) in the aggregate principal amount of Four Million Three Hundred Thousand 00/100 Dollars (\$4,300,000) (the "Bond") pursuant to a bond purchase agreement and building loan contract

dated as of December 1, 1999 (the "Bond Purchase Agreement") by among the Authority, the Company and Community Bank, N.A. (the "Bank"); and

WHEREAS, under the present provisions of the Act and Section 412-a of the Real Property Tax Law of the State of New York, the Authority is required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction or supervision or control; and

WHEREAS, it has been proposed that the Authority become the owner of record of the Facility; and

WHEREAS, the Authority has expressed its reluctance to acquire the Facility unless the Company shall agree to make payments in lieu of real property taxes with respect to the Facility; and

WHEREAS, the Company is desirous that the Authority acquire the Facility and the Company is willing to enter into this Agreement in order to induce the Authority to acquire the Facility; and

NOW, THEREFORE, in consideration of the matters above recited and in order to induce the Authority to acquire the Facility, the parties hereto formally covenant, agree and bind themselves as follows, to wit:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions.

For all purposes of this payment in lieu of tax agreement ("PILOT Agreement") and any agreement supplemental thereto, all defined terms indicated by the capitalization of the first letter of such term, shall have the meanings specified in the Bond Purchase Agreement, except as herein otherwise expressly provided for or the context otherwise requires.

Section 1.2. Interpretation.

In this PILOT Agreement, unless the context otherwise requires:

(A) the terms "hereby", "hereof", "herein", "hereunder" and any similar terms used in this PILOT Agreement refer to this PILOT Agreement, and the term "heretofore" shall mean after the date of this PILOT Agreement; and

(B) words of masculine gender shall mean and include correlative words of feminine and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa; and

(C) in this PILOT Agreement, any headings preceding the texts of the Articles and Sections shall be solely for convenience of reference and shall neither constitute a part of this PILOT Agreement nor affect its meaning, construction or effect.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties by Company.

The Company does hereby represent and warrant as follows:

(a) Power: The Company is a not-for-profit corporation duly organized and validly existing under the laws of the State of New York, and by proper action by its Board of Directors has been duly authorized to execute, deliver and perform this Agreement.

(b) Authorization: The Company is authorized and has the power under the laws of the State of New York to enter into this Agreement and the transactions contemplated hereby and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement. The Company has duly authorized the execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated. The Company is not prohibited from entering into this Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement by (and the execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby and the fulfillment of and compliance with the provisions of this Agreement will not conflict with or violate or constitute a breach of or a default under) the terms, conditions or provisions of any law, rule, regulation or order of any court or other agency or authority of government, or any contractual limitation, restriction or outstanding indenture, deed of trust, mortgage, loan agreement, other evidence of indebtedness or any other agreement or instrument to which the Company is a party or by which it or any of its property is bound, and neither the Company's entering into this Agreement nor the Company's discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement will be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the

Company under the terms of any of the foregoing, and this Agreement is the legal, valid and binding obligation of the Company enforceable in accordance with its terms.

(c) Governmental Consent: No consent, approval or authorization of, or filing, registration or qualification with, any governmental or public authority on the part of the Company is required as a condition to the execution, delivery or performance of this Agreement by the Company or as a condition to the validity of this Agreement.

Section 2.02. Representations and Warranties by Authority.

The Authority does hereby represent and warrant as follows:

(a) Existence and Power: The Authority has been duly established under the provisions of the Act and has the power to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder.

(b) Intentions: The Authority presently intends to acquire the Facility and to sell the Facility to the Company.

(c) Authorization: The Authority is authorized and has the corporate power under the Act, its by-laws and the laws of the State to enter into this Agreement and the transactions contemplated hereby and to perform and carry out all the covenants and obligations on its part to be performed under and pursuant to this Agreement. By proper corporate action on the part of its members, the Authority has duly authorized the execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated.

(d) Validity: The Authority is not prohibited from entering into this Agreement and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement by the terms, conditions or provisions of the Act, any other law, any order of any court or other agency or authority of government, or any agreement or instrument to which the Authority is a party or by which the Authority is bound.

ARTICLE III COVENANTS AND AGREEMENTS

Section 3.01. Tax-Exempt Status of Facility.

(a) Assessment of Facility: Pursuant to Section 2326 of the Public Authorities Law and Section 412-a of the Real Property Tax Law, the parties hereto

understand that, upon acquisition of the Facility by the Authority, and for so long thereafter as the Authority shall own the Facility, the Facility shall be assessed by the various taxing entities having jurisdiction over the Facility, including, without limitation, any county, city, school district, town, village or other political unit or units wherein the Facility is located (such taxing entities being sometimes collectively hereinafter referred to as the "Taxing Entities", and each of such Taxing Entities, being sometimes individually hereinafter referred to as a "Taxing Entity") as exempt upon the assessment rolls of the respective Taxing Entities prepared subsequent to the acquisition by the Authority of title to the Facility. The Company shall, promptly following acquisition by the Authority of title to the Facility, take such action as may be necessary to ensure that the Facility shall be assessed as exempt upon the assessment rolls of the respective Taxing Entities prepared subsequent to such acquisition by the Authority, and, for so long thereafter as the Authority shall own the Facility, the Company shall take such further action as may be necessary to maintain such exempt assessment with respect to each Taxing Entity. The parties hereto understand that the Facility shall not be entitled to such exempt status on the tax rolls of any Taxing Entity until the first tax year of such Taxing Entity following the tax status date of such Taxing Entity occurring subsequent to the date upon which the Authority becomes the owner of record of the Facility. Pursuant to the provisions of the Installment Sale Agreement, the Company will be required to pay all taxes and assessments lawfully levied and/or assessed against the Facility, including taxes and assessments levied for the current tax year and all subsequent tax years until the Facility shall be entitled to exempt status on the tax rolls of the respective Taxing Entities.

(b) Special Assessments: The parties hereto understand that the tax exemption extended to the Authority by Section 2326 of the Public Authorities Law and Section 412-a of the Real Property Tax Law does not entitle the Authority to exemption from special assessments and special ad valorem levies. Pursuant to the Installment Sale Agreement, the Company will be required to pay all special assessments and special ad valorem levies lawfully levied and/or assessed against the Facility.

Section 3.02. Payments in Lieu of Taxes.

(a) Agreement to Make Payments: The Company agrees that it shall make periodic payments in lieu of property taxes in the amounts hereinafter provided to the Authority.

(b) Amount of Payments in Lieu of Taxes: The payments in lieu of taxes to be paid by the Company to the Authority annually on behalf of the Taxing Entities pursuant to the terms of this Agreement shall be computed by multiplying (1) the total square footage of the Building by (2) the "per square foot" value as set forth in the table below. The "per square foot" value will be \$1.14 in year one and will increase by 1% per year for twenty years. The actual PILOT payment will be adjusted annually

were owned by the Company and not owned by the Authority and therefore not exempt upon the assessment rolls of the respective Taxing Entities.

(d) Statements: The Authority agrees to submit to the Company periodic statements specifying the amount and due date or dates of the payments due hereunder, such periodic statements to be submitted to the Company at approximately the times that tax bills are mailed. Each such statement shall coincide with the tax bills set by the Taxing Entities and shall be for that portion of the PILOT Agreement payment due in that year as apportioned to the taxes otherwise payable to each such entity.

(e) Time of Payments: The Company agrees to pay the amounts due hereunder in any calendar year to the Authority within the period that the Taxing Entities allow for payment of taxes levied in such calendar year without penalty. The first PILOT payment will be due on July 31, 2000, unless the Company has not received a Certificate of Occupancy for the congregate building by that date, in which event the first payment shall be due on July 31, 2001. The Company shall be entitled to receive receipts for such payments.

(f) Method of Payment: All payments by the Company hereunder shall be paid to the Authority in such coin and currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

Section 3.03. Credit for Taxes Paid.

(a) General: The parties hereto acknowledge and agree that the obligation of the Company to make the payments provided in Section 3.02 of this Agreement shall be in addition to any and all other taxes and governmental charges of any kind whatsoever which the Company may be required to pay under the Installment Sale Agreement. It is understood and agreed, however, that should the Company pay in any calendar year to the Taxing Entities any amounts in the nature of general property taxes, general assessments, service charges or other governmental charges of a similar nature levied and/or assessed upon the Facility or in the interest therein of the Company or the occupancy thereof by the Company (but not including, by way of example, (i) sales and use taxes and (ii) special assessments, special ad valorem levies or governmental charges in the nature of utility charges, including, but not limited to water, solid waste, sewage treatment or sewer or other rents, rates and charges), then the Company's obligation to make payments in lieu of property taxes for such calendar year to the Authority hereunder shall be reduced by the amounts which the Company shall have so paid in such calendar year, but there shall be no cumulative or retroactive credit as to any payment in lieu of property taxes due to the Authority or as to any payment in lieu of property taxes due to the Authority in any other calendar year.

(b) Method of Claiming Credit: If the Company desires to claim a credit against any particular payment in lieu of tax due hereunder, the Company shall give the Authority prior written notice of its intention to claim any credit pursuant to the provisions of this Section 3.03, said notice to be given by the Company at least thirty (30) days prior to the date on which such payment in lieu of tax is due pursuant to the provisions of Section 3.02 hereof.

Section 3.04. Interest.

If the Company shall fail to make any payment required by this Agreement when due, its obligation to make the payment so in default shall continue as an obligation of the Company until such payment in default shall have been made in full, and the Company shall pay the same together with interest thereon, to the extent permitted by law, at the rate per annum which would be payable if such amounts were delinquent taxes, until so paid in full.

Section 3.05. Company to Furnish Leases.

The Company agrees to furnish the commissioner of assessments of each Taxing Entity an annual report, certified by the Company, and if requested by each Taxing Entity, certified to each Taxing Entity by certified public accountants, of the area leased in the premises and to furnish copies of each and every lease within 10 days of the execution of said lease.

Section 3.06. [Reserved]

Section 3.07. Sale or Transfer of Facility.

The Company may sell, lease, or otherwise transfer the Facility or any part thereof or permit a transfer of more than 49% of the voting control of the Company within a three (3) year period only with the prior written consent of the Bank and the Authority which consent shall not be unreasonably withheld, provided that the transferee assumes all of the Company's covenants, stipulations, promises, agreements and obligations contained in this Agreement. Nothing herein shall be deemed as affecting the Bank's right to accelerate on account any such transfer if otherwise provided for in the Financing Documents.

ARTICLE IV

ADMINISTRATIVE FEE; LIMITED OBLIGATION OF THE AUTHORITY

Section 4.01. Administrative Fee.

On the Closing Date, the Company agrees to pay to the Authority the amount of Twenty-Six Thousand Dollars and 00/100 (\$26,000.00) to offset the indirect expenses incurred by the Authority in administering the Facility and for the other corporate purposes of the Authority.

Section 4.02. No Recourse; Limited Obligation of the Authority.

(a) No Recourse: All covenants, stipulations, promises, agreements and obligations of the Authority contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer, agent, servant or employee of the Authority in his individual capacity, and no recourse under or upon any obligation, covenant or agreement contained in this Agreement, or otherwise based or in respect of this Agreement, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future member, officer, agent, servant or employee, as such, of the Authority or any successor public benefit corporation or political subdivision or any person executing this Agreement on behalf of the Authority, either directly or through the Authority or any successor public benefit corporation or political subdivision or any person so executing this Agreement. It is expressly understood that this Agreement is a corporate obligation, and that no such personal liability whatsoever shall attach to, or is or shall be incurred by any such member, officer, agent, servant or employee of the Authority or of any successor public benefit corporation or political subdivision or any person so executing this Agreement under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom. Any and all such personal liability of, and any and all such rights and claims against, every such member, officer, agent, servant or employee under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution of this Agreement.

(b) Limited Obligation: The obligations and agreements of the Authority contained herein shall not constitute or give rise to an obligation of the State of New York or the City of Auburn, New York, and neither the State of New York nor the City of Auburn, New York shall be liable thereon, and further such obligations and agreements shall not constitute or give rise to a general obligation of the Authority, but rather shall constitute limited obligations of the Authority payable solely from the

revenues of the Authority derived and to be derived from the lease, sale or other disposition of the Facility.

(c) Further Limitation: Notwithstanding any provision of this Agreement to the contrary, the Authority shall not be obligated to take any action pursuant to any provision hereof unless (i) the Authority shall have been requested to do so in writing by the Company and (ii) if compliance with such request is reasonably expected to result in the incurrence by the Authority (or any of its members, officers, agents, servants or employees) of any liability, fees, expenses or other costs, the Authority shall have received from the Company security or indemnity satisfactory to the Authority for protection against all such liability, however remote, and for the reimbursement of all such fees, expenses and other costs.

Section 4.03. Agreement to Pay Proportionate Share.

The Authority covenants and agrees that it shall make payment to each of the respective Taxing Entities its pro rata share of the payments received from the Company pursuant to Section 3.02 hereunder and the same proportion to the amount of real property tax and other taxes which would have been received by each such Taxing Entity had the Project not been tax exempt due to the status of the Authority.

ARTICLE V
EVENTS OF DEFAULT

Section 5.01. Events of Default.

Any one or more of the following events shall constitute an event of default under this Agreement, and the terms "Event of Default" or "Default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure of the Company to pay any amount due and payable by it pursuant to this Agreement and continuance of said failure for a period of thirty (30) days after written notice to the Company stating that such payment is due and payable;

(b) Failure of the Company to observe and perform any other covenant, condition or agreement on its part to be observed and performed, other than as referred to in paragraph (a) above, and continuance of such failure for a period of thirty (30) days after written notice to the Company specifying the nature of such failure and requesting that it be remedied; and

(c) Any warranty, representation or other statement by or on behalf of the Company contained in this Agreement shall prove to have been false or incorrect in any material respect on the date when made or on the effective date of this Agreement.

Section 5.02. Remedies on Default.

Whenever any Event of Default shall have occurred with respect to this Agreement, the Authority, with the consent of the Bank, may take whatever action at law or in equity as may appear necessary or desirable to collect the amount then in default or to enforce the performance and observance of the obligations, agreements and covenants of the Company under this Agreement.

Section 5.03. Recording of Deed and Other Documents.

Whenever any Event of Default shall have occurred with respect to this Agreement, the Authority (or if such Event of Default concerns a payment required to be made hereunder to the Authority, then with respect to such Event of Default the Authority) may upon sixty (60) days notice to the Company, record a deed and any other documents necessary in the appropriate county clerk's office, conveying the premises to the Company. The Company hereby appoints the Authority as its attorney in fact to execute and deliver all documents necessary for such conveyance, and recording thereof in the county clerk's office shall constitute delivery thereof so long as notice thereof, including a copy with notice of recording, is sent to the Company.

Section 5.04. Payment of Attorney's Fees and Expenses.

If the Company should default in performing any of its obligations, covenants and agreements under this Agreement and the Authority should employ attorneys or incur other expenses for the collection of any amounts payable hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will, on demand therefore, pay to the Authority the reasonable fees and disbursements of such attorneys and such other reasonable expenses so incurred.

Section 5.05. Remedies; Waiver and Notice.

(a) No Remedy Exclusive: No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute.

(b) Delay: No delay or omission in exercising any right or power accruing upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

(c) Notice Not Required: In order to entitle the Authority to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in this Agreement.

(d) No Waiver: In the event any provision contained in this Agreement should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to be a waiver of any other breach hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing.

ARTICLE VI MISCELLANEOUS

Section 6.01. Term of Agreement.

(a) General: This Agreement shall become effective and the obligations of the Company shall commence on the execution hereof and unless earlier terminated, shall terminate, and the Property returned to the tax rolls (whether or not the Property is actually conveyed to the Company) on January 15, 2020, unless the first payment was extended to July 31, 2001, in which case the Property will be returned to the tax rolls on January 15, 2021.

(b) Extended Term: In the event that (i) the Installment Sale Agreement shall terminate, expire or otherwise lose its effect, (ii) on the date of such occurrence the Facility shall be assessed as exempt upon the assessment roll of any one or more of the Taxing Entities, and (iii) such occurrence shall not immediately obligate the Company to make pro-rata tax payments pursuant to subsection 3 of Section 302 of the Real Property Tax Law, this Agreement shall remain in full force and effect and the Company shall be obligated to make payments to the Authority pursuant to Section 3.02 hereof until the first tax year in which the Company shall appear on the tax rolls of the various Taxing Entities having jurisdiction over the Facility, as the legal owner of record of the Facility.

Section 6.02. Company Acts.

Where the Company is required to do or accomplish any act or thing hereunder, the Company may cause the same to be done or accomplished with the same force and effect as if done or accomplished by the Company.

Section 6.03. Amendment of Agreement.

This Agreement may not be effectively amended, changed, modified, altered or terminated unless such amendment, change, modification, alteration or termination is in writing and, in the case of any amendment, change, modification or alteration of this Agreement, unless the Company and its successors and assigns shall assume in writing the obligations of such amended, changed, modified or altered Agreement.

Section 6.04. Notices.

All notices, certificates or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, to the Authority and the Company, as the case may be, addressed as follows:

(a) To the Authority:

The Auburn Industrial Development Authority
Memorial City Hall
Auburn, New York 13021
Attention: Chairman

with a copy to:

Hancock & Estabrook, LLP
1500 MONY Tower I
P.O. Box 4976
Syracuse, New York 13221-4976
Attention: Richard W. Cook, Esq.

(b) To the Company:

Bluefield Manor Housing, Inc.
1485 Goose Lane Road
Aurora, New York 13026
Attention: Sylvia Hurlbut, Treasurer

with a copy to:

Boyle & Anderson, P.C.
110 Genesee Street, Suite 300
Auburn, New York 13021
Attn: Charles Lynch, Esq.

provided, that the Authority and the Company may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent.

Section 6.05. Binding Effect.

This Agreement shall inure to the benefit of, and shall be binding upon, the Authority, the Company and their respective successors and assigns. The provisions of this Agreement are intended to be for the benefit of the Authority and the Taxing Entities.

Section 6.06. Severability.

If any article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent and the remainder of this Agreement shall be and remain in full force and effect and shall not be invalidated or rendered illegal or unenforceable or otherwise affected by such holding or adjudication.

Section 6.07. Counterparts.

This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 6.08. Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Section 6.09. Entire Agreement.

This Agreement is intended to constitute the entire Agreement and to supersede all prior agreements, whether oral or written, between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Authority and the Company have caused this Agreement to be executed in their respective names, all being done the date first above written.

AUBURN INDUSTRIAL
DEVELOPMENT AUTHORITY

By: Christopher J. DeAngelis
Christopher J. DeAngelis, Chairman

BLUEFIELD MANOR HOUSING, INC.

By: Sylvia Hurlbut
Sylvia Hurlbut, Treasurer

STATE OF NEW YORK)
COUNTY OF ONONDAGA) SS.:

On the 21st day of December, 1999, before me, the undersigned, a notary public in and for said state, personally appeared Christopher J. DeAngelis, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Joseph T. Mancuso
NOTARY PUBLIC

JOSEPH T. MANCUSO
Notary Public, State of New York
Qual. in Onon. Co., No 02MA6004179
My Commission Expires Mar. 16, 2000

STATE OF NEW YORK)
COUNTY OF ONONDAGA) SS.:

On the 27 day of December, 1999, before me, the undersigned, a notary public in and for said state, personally appeared Sylvia Hurlbut, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



NOTARY PUBLIC

CHARLES H. LYNCH, JR. 1467
N.Y.S. Reg. No. 4517625
Notary Public, State of New York
Qualified in Cayuga County
My Commission Expires April 30, 192001

I:\RCook\AUBURN\Bluefield2\PILOTAGR2.wpd

EXHIBIT "A"

DESCRIPTION OF LAND

ALL THAT TRACT OR PARCEL OF LAND situate in the Town of Aurelius, County of Cayuga and the State of New York, also in the City of Auburn, State of New York, and being part of Great Lot 55, lying in both the City of Auburn and the Town of Aurelius, and being shown on Map of Survey made for the City of Auburn, New York by James J. Marren, PLS, Lic. No. 50071, dated February 3, 1999 and filed in the Cayuga County Clerk's Office as Filed Map 99-128, and bounded and described as follows:

BEGINNING at a point in the present centerline of Bluefield Road, said point being in the south line of Great Lot 55 in said town, and the north line of Great Lot 64 in the Town of Fleming, and said point being 3086.06 feet southerly as measured along the said centerline of Bluefield Road from its intersection with the present centerline of West Genesee Street Road, and said point being 60.00 feet westerly from southwest corner of the City of Auburn, as measured along the said south line of Great Lot 55; thence N 85 degrees 34 minutes 21 seconds E along the said lot line and also along the land now or formerly owned by Archie W. and Gladys R. Koon (864/241), a distance of 1031.71 feet to a point; thence N 3 degrees 51 minutes 15 seconds W a distance of 671.63 feet to a point; thence S 86 degrees 02 minutes 12 seconds W along land owned by the City of Auburn, and also along land now or formerly owned by Horace R. Wait, III and James R. Wait, Jr. (814/122), a distance of 1031.66 feet to a point in the said centerline of Bluefield Road; thence southerly on a course of S 3 degrees 51 minutes 15 seconds E and along the said centerline of Bluefield Road a distance of 679.99 feet to the place of beginning.

CONTAINING 16.006 acres, more or less.

EXHIBIT "B"

EQUIPMENT

All equipment, fixtures, machinery, building materials and items of personal property used in connection with the facilities of Bluefield Manor Housing, Inc. located at Bluefield Road, Auburn, New York 13021, including, without limitation, those financed with the proceeds of the Auburn Industrial Development Authority 1999 Civic Facility Revenue Bond (Bluefield Manor Housing, Inc. Project), including, but not limited to, beds, furniture, furnaces, boilers, oil burners, radiators and piping, plumbing and bathroom fixtures, refrigeration, air conditioning and sprinkler systems, wash-tubs, sinks, gas and electric fixtures, stoves, ranges, awnings, screens, window shares, elevators, motors, dynamos, refrigerators, kitchen cabinets, incinerators, wall to wall carpeting, underground storage tanks, free standing and attached signs, movable partitions, motor vehicle lifts as well as motors and compressors used in the operation thereof, portable air conditioning and heating units, plants and shrubbery and all other equipment and machinery, appliances, fittings and fixtures of every kind in or used in the operation of the facilities, and all additions and accessions to, and replacements and substitutions for, special tools, parts, and fittings and cash and non-cash proceeds of any of the foregoing.

to reflect the changes in the "per square foot" value as well as any changes in the square footage of the Building.

	Year	"Per Square Foot" Value	Sq Ft
	01/02 1	\$1.14	61,189 D
	02/03 2	1.15	61,189 W
	03/04 3	1.16	64,557 D
City 14,7123 32.1%	04/05 4	75,531.69 1.17	64,557
City 10,8061 23.4%	05/06 5	76,177.26 1.18	64,557
Sch 20.49 44.5%	06/07 6	78,612.59 1.19	64,557
7,74954 City 15,31404 33.1%	07/08 7	1.20	71,857
County 11,1355 23.3%	08/09 8	1.21	
School 21.30 44.6%	09/10 9	1.22	
	10/11 10	1.23	
	11/12 11	1.24	
	12/13 12	1.25	
	13/14 13	1.26	
	14/15 14	1.27	
	15/16 15	1.28	
	16/17 16	1.29	
	17/18 17	1.30	
	18/19 18	1.31	
	19/20 19	1.32	
	20/21 20	1.33	

(c) Calculation of Total Square Footage: If the Company is dissatisfied with the calculation by the Assessor of the City of Auburn of the total square footage of the Building in any particular year, the Company shall have such rights, remedies and recourses available to it as would lawfully be available to the Company if the Facility