

RESOLUTION

The Auburn Industrial Development Authority met in special session at the Memorial City Hall, 24 South Street, City of Auburn, New York on June 4, 2010 at 11:00 a.m.

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

RESOLUTION NO. _____

**RESOLUTION OF THE AUBURN INDUSTRIAL DEVELOPMENT
AUTHORITY APPROVING THE GRANT OF FINANCIAL ASSISTANCE
FOR THE AUBURN COMMUNITY REAL ESTATE COMPANY,
INC./AUBURN COMMUNITY HOTEL, L.P. PROJECT**

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, the Authority will acquire an interest in the Facility through (i) 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) lease agreements (collectively, the "**Lease Agreement**") and/or a leaseback agreement (the "**Leaseback Agreement**") and (iii) payment-in-lieu-of-tax agreement (the "**PILOT Agreement**") with the Company and thereby allowing it to 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, the Authority has held 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 Authority hereby approves Financial Assistance for the Project including (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 on the terms presented to this meeting as set forth on Exhibit "A" hereto.

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 negotiate, execute and deliver (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 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.

Section 4. The Authority hereby finds grounds for deviation for the Authority's Uniform Tax Exemption Policy as set forth on Exhibit "B" hereto.

Section 5. The Authority hereby finds that the Project constitutes an unlisted action in compliance with the applicable provisions of the New York State Environmental Quality Review Act.

Section 6. 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 7. 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 June 4, 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 9 day of June, 2010.


_____, Secretary

[SEAL]

EXHIBIT "A"

PILOT Schedule

AUBURN COMMUNITY HOTEL
Proposed AIDA PILOT - 25 years (For AIDA Board meeting 6/4/10)

Year	Current Assessment	Tax Rate	Taxes with no project	Project PILOT Assessments	Tax Rate	Exemption Percentage	PILOT Payment	Future Assessment (Estimated Value)	Tax Rate	Taxes Without PILOT
1	882,000	40.8156	36,007	882,000	40.8156	0%	35,999	7,500,000	40.8156	306,117
2	891,022	41.2237	36,731	882,000	41.2238	0%	36,359	7,532,500	41.2238	312,579
3	899,932	41.6360	37,470	882,000	41.6360	0%	36,723	7,665,908	41.6360	319,178
4	908,932	42.0523	38,223	882,000	42.0524	0%	37,090	7,750,232	42.0524	325,916
5	918,021	42.4728	38,991	882,000	42.4729	0%	37,461	7,835,485	42.4729	332,796
6	927,201	42.8976	39,775	882,000	42.8976	0%	37,836	7,921,675	42.8976	339,821
7	936,473	43.3266	40,574	882,000	43.3266	0%	38,214	8,008,814	43.3266	346,985
8	945,838	43.7598	41,390	882,000	43.7598	0%	38,596	8,096,911	43.7598	354,320
9	955,296	44.1974	42,222	882,000	44.1974	0%	38,982	8,185,977	44.1974	361,789
10	964,849	44.6394	43,070	882,000	44.6394	0%	39,372	8,276,023	44.6394	369,437
11	974,498	45.0858	43,936	882,000	45.0858	0%	39,766	8,367,059	45.0858	377,236
12	984,243	45.5366	44,819	882,000	45.5357	0%	40,163	8,459,096	45.5367	385,199
13	994,085	45.9920	45,720	882,000	45.9920	0%	40,565	8,552,146	45.9920	393,331
14	1,004,026	46.4519	46,639	882,000	46.4520	0%	40,971	8,646,220	46.4520	401,634
15	1,014,066	46.9164	47,576	882,000	46.9165	0%	41,380	8,741,329	46.9165	410,112
16	1,024,207	47.3856	48,533	7,500,000	47.3856	88%	42,847	8,837,483	47.3856	418,770
17	1,034,449	47.8595	49,508	7,500,000	47.8595	81%	68,200	8,934,595	47.8595	427,610
18	1,044,793	48.3381	50,503	7,500,000	48.3381	72%	101,510	9,032,977	48.3381	436,637
19	1,055,241	48.8214	51,518	7,500,000	48.8215	63%	136,480	9,132,340	48.8215	445,854
20	1,065,794	49.3097	52,554	7,500,000	49.3097	54%	170,118	9,232,796	49.3097	455,266
21	1,076,452	49.8028	53,610	7,500,000	49.8028	45%	205,437	9,334,356	49.8028	464,877
22	1,087,216	50.3008	54,688	7,500,000	50.3008	36%	241,444	9,437,034	50.3008	474,691
23	1,098,088	50.8038	55,787	7,500,000	50.8038	27%	278,151	9,540,842	50.8038	484,711
24	1,109,069	51.3116	56,908	7,500,000	51.3119	18%	315,568	9,645,791	51.3119	494,943
25	1,120,160	51.8249	58,052	7,500,000	51.8250	9%	353,705	9,751,895	51.8250	505,352
TOTAL TAXES			1,154,805	TOTAL PILOT PAYMENTS			2,491,738	TOTAL TAXES		9,945,219

Notes: Tax Rate assumes 1% increase per year, based on tax rate as of 4/15/10 (Note: Tax rate may decrease in 2010 depending on Taxing Jurisdiction budgets)
 Project PILOT Assessments assumes Years 1-15 fixed at 2010 Parcel values, then Years 16-25 exemptions based on estimated assessed value of \$7.5 million
 Future Assessment assumes 1% increase per year.
PILOT terms include a seven (7) year recapture provision.

Benefits to Developer:

Full taxes over 25 years 9,945,219
 Less: PILOT payments 2,491,738
\$7,453,481

Benefits to Taxing Jurisdictions:

PILOT payments over 25 years 2,491,738
 Less: Taxes with no project 1,154,805
\$1,336,933

Tax Savings to Developer

Increased Revenue to Taxing Jurisdictions

EXHIBIT "B"

Reasons for Deviation

www.thepioneercompanies.com

VIA E-MAIL: JHAINES@CLAUBURN.NY.US

March 8, 2010

Ms. Jennifer Haines
Director of Planning and Economic Development
Memorial City Hall
24 South Street
Auburn, NY 13021

Re: Auburn Community Hotel, L.P.
Deviation from the Uniform PILOT

Dear Jenny:

Where the Payment in Lieu of Tax ("PILOT") program requested by Auburn Community Hotel, L.P. in its Application for Industrial Development Revenue Bond Financing and Leaseback Transactions deviates from the Auburn Industrial Development Authority's Uniform PILOT, we are providing the following additional information utilizing the guidelines that were provided and using the same numbering sequence:

1. The Project calls for the development of an approximately 69,000 square foot, 88 room Hilton Garden Inn with a mid-size conference center in the heart of downtown Auburn.
2. The Project is to be built on the eastern side of State Street bounded by Route 20 Arterial East and West.
3. The subject property is approximately 2.59 acres and currently contains a small single story retail shop (approximately 588 SF), a vacant single story lumber warehouse (approximately 13,822 SF), a 3-story commercial building (approximately 49,751 SF) which is currently operating as a Chinese restaurant on the first floor, a portion of an abandoned street and a vacant lot.
4. Auburn as well as the rest of New York State and the entire country is currently in the middle of one of the biggest recessionary periods since the Great Depression.
5. The Project is projected to create approximately 29 full time and 20 part time permanent, private sector jobs at the subject location. This does not factor in any additional jobs that may be created in the community as a result of this Project.



250 South Clinton Street Syracuse, New York 13202-1258 315.471.2181 315.471.1154 fax



6. The Project has requested that the tax assessments remain at 2010 levels (\$882,200) so that there will be no loss of current tax revenues generated from the project location. We anticipate our annual taxes to be approximately \$35,000 per year based on current tax rates and assessments. The estimated value of the tax exemptions to be received is difficult to ascertain as we don't know what a full market value assessment may be when the project is completed.
7. As indicated in item #6 above, there will be no negative impact to the affected tax jurisdictions as a result of the PILOT agreement. There will be a positive impact as a result of additional sales tax revenues and room occupancy taxes generated at the project location that does not currently exist as well as the additional positive impact to the local economy that will occur as the hotel guests utilize the ancillary services available in the City of Auburn.
8. It is estimated that as a result of this project, over \$5 million in direct spending will occur on an annual basis within the Auburn community.
9. Our project is anticipated to cost approximately \$11 million. These costs include land acquisition, building construction costs, furniture, fixtures and equipment and various other related soft costs. The owners of this project will invest approximately \$5 million in private capital with the balance being secured by debt financing and a \$1 million State grant. Once complete, this project when stabilized will produce approximately 27,000 visitor days. Studies suggest that hotel visitors within our area of the country spend approximately \$75 a day on outside activities (excluding hotel rooms) equaling over \$2 million per year of spending within the Auburn community.
10. Assuming that the eminent domain process is accomplished in a timely manner, the project will be moving forward sometime this year.
11. There is no projected negative impact to the environment as a result of the project.
12. It is not projected that any additional staffing of these service providers would need to be added as a result of this project.
13. The Project will provide additional sources of revenue for municipalities and school districts in which the project is located as a result of the incremental sales tax (approximately \$145,000 at stabilization) generated at the project location as well as additional sales tax generated from the ancillary sales at other local businesses as a result of hotel guests.

Ms. Jennifer Haines
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14. As previously indicated above, the project is expected to generate significant economic benefits (estimated at approximately \$5 million of direct spending a year) both at the project location and within the surrounding area.

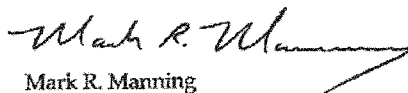
I hope that the above information was helpful. If you have any questions or need any additional information please don't hesitate to call or e-mail me.

Sincerely,

AUBURN COMMUNITY HOTEL, L.P.



PIONEER
C O M P A N I E S


Mark R. Manning
Chief Financial Officer

C.C David W. Murphy
Edwin J. Kelley, Jr., Esq.
Richard W. Cook, Esq.

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