

**INITIAL PROJECT RESOLUTION**  
*(Logan Street, LLC Project)*

A regular meeting of Auburn Industrial Development Authority was convened on Tuesday, May 20, 2008 at 5:00 p.m.

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

Resolution No. 2008-1

**RESOLUTION OF THE AUBURN INDUSTRIAL DEVELOPMENT  
AUTHORITY (i) ACCEPTING THE APPLICATION OF LOGAN  
STREET, LLC 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**, Logan Street, LLC, for itself or on behalf of an entity to be formed (the "Company"), has requested the Authority's assistance with a certain project (the "Project") consisting of: (i) the acquisition of title to or a leasehold interest in an approximately 1 ½ acre parcel of land (Tax Map No. 116.61-1-31) located at 9-11 Logan Street, City of Auburn, New York 13021 (the "Land") together with a two-story 10,000 square foot building and a three-story 32,000 square foot building thereon (the "Existing Improvements"), (ii) the renovation and equipping by the Company as agent of the Authority on the Land of the Existing Improvements into residential apartments (the "Improvements"), (iii) the acquisition and installation in and around the Existing Improvements and the Improvements by the Company of certain items of machinery, equipment and other tangible personal property (the "Equipment", and collectively with the Land, the Existing Improvements and the Improvements, 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, renovating and equipping the Project (the "Agent Agreement"), (ii) negotiate and enter into a lease agreement (the "Lease Agreement"), 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 Land, the Improvements, and personal property constituting the Project (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 Project, (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 any project, 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; and

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

(C) The action to be taken by the Authority will, for the reasons set forth on Exhibit "A" hereto, 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;

(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 Project 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 Project 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 Project 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 Project occupants in their respective industries; and

Section 2. The proposed financial assistance being contemplated by the Issuer includes (i) an exemption from all mortgage recording taxes with respect to any qualifying mortgage on the Land, the Existing Improvements and the Improvements (or such interest therein as is conveyed to the Issuer) to secure financings undertaken in furtherance of the Project; (iii) 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 (iv) 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 hereby authorized, on behalf of the Authority, to cause the issuance of a 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 Project 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.

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 resolutions 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.

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

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	<u>Yea</u>	<u>Nav</u>	<u>Absent</u>	<u>Abstain</u>
Charles Mace, Chairman	X			
Anthony DeCaro, Vice Chairman	X			
Nicholas C. Valent, Secretary	X			
Laurie Ann Didio, Treasurer	X			
Mayor Michael Quill, Member	X			
William Graney, Member	X			
James Dacey, Member	X			
Kevin Maher, Member			X	
Ginny Kent, Member			X	

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 May 20, 2008, 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 6 day of June, 2008.

Nicholas C. Valenti  
Nicholas C. Valenti, Secretary

[SEAL]

**EXHIBIT "A"**  
**To Initial Project Resolution of Auburn Industrial Development Authority**  
**Adopted May 20, 2008**

**1. PROJECT OVERVIEW.**

- (a) Approximately 1.5 acre parcel
- (b) 35 loft apartments and townhouses.

**2. Commercial Projects That Can be Undertaken by IDA**

- (a) A comptroller decision squarely dealt with the issue of whether an apartment complex is considered a commercial project that can be undertaken by an IDA
- (b) Two elements of any valid commercial activity appear to be (i) the promotion of employment opportunities and (ii) the prevention of economic deterioration in an area for whose benefit the agency was created.

**3. Logan Street Project as a Historic Preservation Project**

- (a) Logan Street is more than just the development of an apartment complex – it's the preservation of an unproductive, historical structure.
- (b) Historic preservation is a central component to long-term economic development.
- (c) According to the 2000 consensus, the city of Auburn is an economically distressed city
- (d) The Logan Street, LLC plans to invest approximately \$6,000,000 into the Logan Street area

**4. Historic Preservation and Economic Development.**

- (a) According to the Preservation League of NY, \$1 million spent rehabilitating an historical structure in NY ultimately adds \$1.9 million to the State's economy.
- (b) It notes that the rehabilitation of historic structures is an effective job creator because of the labor intensity of the work.

**5. Continuation of the City's Efforts to Restore the Vitality and Prosperity of Auburn**

- (a) The City has begun a number of projects to make Auburn a more attractive place to live
  - State Street Pedestrian Mall Renovation
  - Auburn Downtown Improvement
  - The Logan Street, LLC plans to add to the City's efforts to revitalize Auburn

**6. Similar Projects Undertaken by Neighboring IDAS**

- (a) The Syracuse IDA has undertaken numerous projects similar to the Logan Street Lofts project.

- (b) For example, in August 2005, SIDA authorized a PILOT for the Willow Street Lofts project, which is a rehabilitated historical structure into 48 market rate, loft apartments on Willow Street in Syracuse

**7. Promotion of Employment Opportunities and Prevention of Economic Deterioration.**

- (a) The rehabilitation and adaptive reuse of 9-11 Logan will create many construction jobs and require professional services from legal and accounting to architectural and realty services.
- (b) According to David Mankiewicz, deputy director of the Downtown Syr. Committee and assistant to the president of the Metropolitan Development Association of Syracuse and Central New York, Inc., people who live downtown spend, on average, about four times as much money as people who work downtown. (Taken from a CNY Business Journal Article Jan. 13, 2006)
- (c) Accordingly, a 75-person residential unit would bring as much revenue to a downtown as a 300-person office building.
- (d) Once complete, the Logan Street project hopes to bring approximately 70 residents downtown who will presumably spend their money there, spurring economic growth of downtown businesses, thereby promoting employment opportunities and contributing to the prevention of economic deterioration of the downtown area.