

**Inducement Resolution
Vecino Group New York, LLC Facility**

RESOLUTION OF THE CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY TAKING OFFICIAL ACTION TOWARD APPOINTING VECINO GROUP NEW YORK, LLC, THE PRINCIPALS OF VECINO GROUP NEW YORK, LLC, AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING AS AGENT OF THE AGENCY IN CONNECTION WITH A SALE-LEASEBACK OR LEASE-LEASEBACK TRANSACTION, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDUCEMENT AGREEMENT, AUTHORIZING A PUBLIC HEARING AND MAKING CERTAIN FINDINGS AND DETERMINATIONS WITH RESPECT TO THE PROJECT.

WHEREAS, Vecino Group New York, LLC, on behalf of itself and/or the principals of Vecino Group New York, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company") has applied to the City of Utica Industrial Development Agency (the "Agency") to enter into a transaction in which the Agency will assist in (i) the renovation of an existing six-story, 45,500± square foot historic building to convert the same to a multi-family residential development consisting of forty-nine (49) rental units and amenities and offices to service the same to be known as Asteri Utica, (ii) the demolition of the adjacent 5,109± square foot building and the construction of a parking lot thereon, (iii) the demolition of the adjacent 2,464± square foot building and the construction of a parking lot thereon and (iv) construction of all infrastructure to service the same (collectively, the "Improvements"), all such existing buildings situated on a .71± acre parcel of land located at 327 - 331 Bleecker Street, City of Utica, Oneida County, New York (the "Land") and the acquisition and installation of equipment in the Improvements (the "Equipment"), all to be used for the purpose of providing residential housing for persons and families of low-income and developmental disabilities (the Land, the Improvements and the Equipment is referred to collectively as the "Facility" and the acquisition, demolition, construction, renovation and equipping of the Facility is referred to collectively as the "Project"); or, in the alternative, to enter into a sale-leaseback transaction in connection with the Facility; and

WHEREAS, the Company owns or will own the Land and will convey to the Agency a leasehold interest in the Facility; and

WHEREAS, the Facility will be leased back to the Company pursuant to a Leaseback Agreement between the Agency and the Company (the "Leaseback Agreement") and pursuant to Article 18-A of the General Municipal Law of the State of New York and Chapter 372 of the Laws of 1970 of the State of New York, as may be amended from time to time (collectively, the "Act"); and

WHEREAS, the Company will further sublease the Facility to residential tenants to be determined from time to time (the "Tenant Leases"); and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, the Agency contemplates that it will provide financial assistance to the Company in the form of exemptions from sales tax, exemptions from mortgage recording tax and abatement of real property tax for a period of thirty-two years (the "Financial Assistance"), which Financial Assistance is a deviation from the Agency's Uniform Tax Exemption Policy, to be more particularly described in a Final Authorizing Resolution to be adopted by the Agency prior to the closing of the transactions described herein; and

WHEREAS, prior to the closing of a sale-leaseback or lease-leaseback transaction, and the granting of any Financial Assistance, a public hearing (the "Hearing") will be held so that all persons with views in favor of or opposed to either the financial assistance contemplated by the Agency, or the location or nature of the Facility, can be heard; and

WHEREAS, notice of the Hearing will be given prior to the closing of a sale-leaseback or lease-leaseback transaction, and the granting of any Financial Assistance, and such notice (together with proof of publication) will be substantially in the form annexed hereto as Exhibit A; and

WHEREAS, the minutes of the Hearing are or will be annexed hereto as Exhibit B; and

WHEREAS, the Agency has given due consideration to the application of the Company and to representations by the Company that the proposed sale-leaseback transaction or lease-leaseback transaction, is either an inducement to the Company to maintain and expand the Facility in the City of Utica or is necessary to maintain the competitive position of the Company in its industry; and

NOW, THEREFORE, BE IT RESOLVED by the City of Utica Industrial Development Agency (a majority of the members thereof affirmatively concurring) that:

- Section 1. (a) The acquisition, demolition, construction, renovation and equipping of the Facility and the Agency's Financial Assistance therefor, will promote job opportunities, health, general prosperity and the economic welfare of the inhabitants of the City of Utica and the people of the State of New York and improve their standard of living, and thereby serve the public purposes of the Act and the same is, therefore, approved;
- (b) It is desirable and in the public interest for the Agency to enter into a sale-leaseback transaction or lease-leaseback transaction, for the purpose of providing Financial Assistance for the acquisition, demolition, construction, renovation and equipping of the Facility, as reflected in the Company's application to the Agency and as amended from time to time prior to the closing of the sale-leaseback or lease-leaseback transaction.

Section 2. The form and substance of a proposed inducement agreement (in substantially the form presented to this meeting) by and between the Agency and the Company setting forth the undertakings of the Agency and the Company with respect to the closing of the sale-leaseback or lease-leaseback transaction, and the development of the Facility (the "Agreement") are hereby approved. The Chairman of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Agreement, with such changes in terms and form as the Chairman shall approve. The execution thereof by the Chairman shall constitute conclusive evidence of such approval.

Section 3. Subject to the conditions set forth in Section 4.02 of the Agreement, the Agency shall assist the Company in the acquisition, demolition, construction, renovation and equipping of the Facility and will provide the Financial Assistance with respect thereto.

Section 4. The Company is herewith and hereby appointed the agent of Agency to acquire, demolish, construct, renovate and equip the Facility. The Company is hereby empowered to delegate its status as agent of the Agency to agents, subagents, contractors,

subcontractors, materialmen, suppliers, vendors and such other parties as the Company may choose in order to acquire, demolish, construct, renovate and equip the Facility. The terms and conditions for the appointment of the Company as agent of the Agency for the purposes described in this resolution are set forth in the form of the attached letter addressed to the Company, marked as Exhibit C to this resolution. The form of such letter is incorporated herein by reference and is approved and adopted by the Agency, and the Chairman or Executive Director of the Agency or any other duly authorized official of the Agency are authorized to execute and deliver such letter to the company. The Agency hereby appoints the agents, subagents, contractors, subcontractors, materialmen, vendors and suppliers of the Company as agents of the Agency solely for purposes of making sales or leases of goods, services, and supplies to the Facility, and any such transaction between any agent, subagent, contractor, subcontractor, materialmen, vendor or supplier, and the Company, as agent of the Agency shall be deemed to be on behalf of the Agency and for the benefit of the Facility. The Company shall indemnify the Agency with respect to any transaction of any kind between and among the agents, subagents, contractors, subcontractors, materialmen, vendors and/or suppliers and the Company, as agent of the Agency.

Section 5. The law firm of Bond, Schoeneck & King, PLLC is appointed Transaction Counsel in connection with the sale-leaseback transaction or lease-leaseback transaction.

Section 6. Counsel to the Agency and Transaction Counsel are hereby authorized to work with counsel to the Company and others to prepare, for submission to the Agency, all documents necessary to effect the sale-leaseback transaction or lease-leaseback transaction.

Section 7. The Chairman of the Agency is hereby authorized and directed (i) to distribute copies of this resolution to the Company and (ii) to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this resolution.

Section 8. This resolution shall take effect immediately.

STATE OF NEW YORK)
 : ss.:
COUNTY OF ONEIDA)

I, the undersigned Secretary of the City of Utica Industrial Development Agency DO HEREBY CERTIFY THAT:

I have compared the foregoing copy of a resolution of the City of Utica Industrial Development Agency (the "Agency"), with the original thereof on file in the office of the Agency, and that the same is a true and correct copy of such resolution and of the proceedings of the Agency in connection with such matter.

Such resolution was passed at a meeting of the Agency duly convened in public session on November 17, 2015 at 8:30 a.m., local time, at Utica, New York which the following members were:

Members Present: Joseph Hobika, Sr., John Zegarelli, Vin Gilroy

Excused: John Buffa, Emmett Martin

Also Present: Jack Spaeth (Executive Director), Linda Romano (BS&K – Agency Counsel)

Others: Rick Manzardo (Vecino Group)

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

Joseph Hobika, Sr. voting aye;
John Zegarelli voting aye; and
Vincent Gilroy, Jr. voting aye.

and, therefore, the resolution was declared duly adopted.

The Agreement and the Application are in substantially the form presented to and approved at such meeting.

I FURTHER CERTIFY that (i) all members of the Agency had due notice of said meeting, (ii) pursuant to Sections 103a and 104 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public and public notice of the time and place of said meeting was duly given in accordance with such Sections 103a and 104, (iii) the meeting in all respects was duly held, and (iv) there was a quorum present throughout.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of December 2016.



Jack N. Spaeth, Assistant Secretary

EXHIBIT A
NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Article 18-A of the New York State General Municipal Law, will be held by the City of Utica Industrial Development Agency (the "Agency") on the ____ day of _____ 2015 at 9:00AM, local time, at Utica City Hall, Common Council Chambers, First Floor, One Kennedy Plaza, Utica, New York, in connection with the following matters:

Vecino Group New York, LLC, on behalf of itself and/or the principals of Vecino Group New York, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company") has applied to the City of Utica Industrial Development Agency (the "Agency") to enter into a transaction in which the Agency will assist in (i) the renovation of an existing six-story, 45,500± square foot historic building to convert the same to a multi-family residential development consisting of forty-nine (49) rental units and amenities and offices to service the same to be known as Asteri Utica, (ii) the demolition of the adjacent 5,109± square foot building and the construction of a parking lot thereon, (iii) the demolition of the adjacent 2,464± square foot building and the construction of a parking lot thereon and (iv) all infrastructure to service the same (collectively, the "Improvements"), all such existing buildings situated on a .71± acre parcel of land located at 327 - 331 Bleecker Street, City of Utica, Oneida County, New York (the "Land") and the acquisition and installation of equipment in the Improvements (the "Equipment"), all to be used for the purpose of providing residential housing for persons and families of low-income and developmental disabilities (the Land, the Improvements and the Equipment is referred to collectively as the "Facility" and the acquisition, demolition, construction, renovation and equipping of the Facility is referred to collectively as the "Project"). The Facility will be initially operated and/or managed by the Company.

The Company will own the Land and will lease the Facility to the Agency for a term of approximately thirty-two years (the "Lease Term"). The Agency will lease the Facility back to the Company for the Lease Term, and the Company will further sublease the Facility to residential tenants to be determined from time to time. At the end of the Lease Term, the Agency will terminate its leasehold interest in the Facility. The Agency contemplates that it will provide financial assistance to the Company the form of exemptions from sales tax, exemptions from mortgage recording tax and abatement of real property tax for a period of thirty-two years, which financial assistance is a deviation from the Agency's Uniform Tax Exemption Policy, to be more particularly described in a Final Authorizing Resolution to be adopted by the Agency prior to the closing of the transactions described herein.

A representative of the Agency will at the above-stated time and place hear and accept written comments from all persons with views in favor of or opposed to either the proposed financial assistance to the Company or the location or nature of the Facility. A copy of the Application for Financial Assistance filed by the Company with the Agency, including an analysis of the costs and benefits of the proposed Project, is available for public inspection at the offices of the Agency, One Kennedy Plaza, Utica, New York.

CITY OF UTICA INDUSTRIAL
DEVELOPMENT AGENCY

Dated: _____, 2015

By: /s/ Joseph H. Hobika, Sr., Chairman

EXHIBIT B

MINUTES OF PUBLIC HEARING

City of Utica Industrial Development Agency
2016 Real Estate Lease
Vecino Group New York, LLC Facility

1. _____, _____ of the City of Utica Industrial Development Agency (the "Agency"), called the hearing to order.
2. The _____ then appointed _____, Secretary of the Issuer, to record the minutes of the hearing.
3. The _____ then described the proposed project and related financial assistance as follows:

Vecino Group New York, LLC, on behalf of itself and/or the principals of Vecino Group New York, LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company") has applied to the City of Utica Industrial Development Agency (the "Agency") to enter into a transaction in which the Agency will assist in (i) the renovation of an existing six-story, 45,500± square foot historic building to convert the same to a multi-family residential development consisting of forty-nine (49) rental units and amenities and offices to service the same to be known as Asteri Utica, (ii) the demolition of the adjacent 5,109± square foot building and the construction of a parking lot thereon, (iii) the demolition of the adjacent 2,464± square foot building and the construction of a parking lot thereon and (iv) all infrastructure to service the same (collectively, the "Improvements"), all such existing buildings situated on a .71± acre parcel of land located at 327 - 331 Bleecker Street, City of Utica, Oneida County, New York (the "Land") and the acquisition and installation of equipment in the Improvements (the "Equipment"), all to be used for the purpose of providing residential housing for persons and families of low-income and developmental disabilities (the Land, the Improvements and the Equipment is referred to collectively as the "Facility" and the acquisition, demolition, construction, renovation and equipping of the Facility is referred to collectively as the "Project"). The Facility will be initially operated and/or managed by the Company.

The Company will own the Land and will lease the Facility to the Agency for a term of approximately thirty-two years (the "Lease Term"). The Agency will lease the Facility back to the Company for the Lease Term, and the Company will further sublease the Facility to

residential tenants to be determined from time to time. At the end of the Lease Term, the Agency will terminate its leasehold interest in the Facility. The Agency contemplates that it will provide financial assistance to the Company the form of exemptions from sales tax, exemptions from mortgage recording tax and abatement of real property tax for a period of thirty-two years, which financial assistance is a deviation from the Agency's Uniform Tax Exemption Policy, to be more particularly described in a Final Authorizing Resolution to be adopted by the Agency prior to the closing of the transactions described herein.

A representative of the Agency will at the above-stated time and place hear and accept written comments from all persons with views in favor of or opposed to either the proposed financial assistance to the Company or the location or nature of the Facility. A copy of the Application for Financial Assistance filed by the Company with the Agency, including an analysis of the costs and benefits of the proposed Project, is available for public inspection at the offices of the Agency, One Kennedy Plaza, Utica, New York.

4. The _____ then opened up the hearing for comments from the floor for or against the proposed financial assistance and the location and nature of the Facility. Attached is a listing of the persons heard and a summary of their views.
5. The _____ then asked if there were any further comments, and, there being none, the hearing was closed at ____ a.m.

(Assistant) Secretary

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

I, the undersigned Secretary of the City of Utica Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the foregoing copy of the minutes of a public hearing held by the City of Utica Industrial Development Agency (the "Issuer") on _____, 2015 at _____ a.m. local time, at _____, _____, New York _____ with the original thereof on file in the office of the Issuer, and that the same is a true and correct copy of the minutes in connection with such matter.

I FURTHER CERTIFY that (i) pursuant to Title 1 of Article 18-A of the New York General Municipal Law, said hearing was open to the general public, and public notice of the time and place of said hearing was duly given in accordance with such Title 1 of Article 18-A, (ii) the hearing in all respects was duly held, and (iii) members of the public had an opportunity to be heard.

IN WITNESS WHEREOF, I have hereunto set my hand as of _____, 2015.

Secretary

EXHIBIT C

(To be copied onto IDA letterhead and delivered
to the Company, when appropriate.)

_____, 2015

Rick Manzardo, Member
Vecino Group New York, LLC
305 W Commercial
Springfield MO 65803

RE: *City of Utica Industrial Development Agency
2016 Lease-Leaseback Transaction (Asteri Utica Facility)*

Dear Mr. Manzardo:

Pursuant to a resolution duly adopted on November 17, 2015, the City of Utica Industrial Development Agency (the "Issuer") appointed Vecino Group New York, LLC, on behalf of itself and/or the principals of Vecino Group New York, LLC, and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company") the true and lawful agent of the Issuer to enter into a transaction in which the Issuer will assist in (i) the renovation of an existing six-story, 45,500± square foot historic building to convert the same to a multi-family residential development consisting of forty-nine (49) rental units and amenities and offices to service the same to be known as Asteri Utica, (ii) the demolition of the adjacent 5,109± square foot building and the construction of a parking lot thereon, (iii) the demolition of the adjacent 2,464± square foot building and the construction of a parking lot thereon and (iv) all infrastructure to service the same (collectively, the "Improvements"), all such existing buildings situated on a .71± acre parcel of land located at 327 - 331 Bleecker Street, City of Utica, Oneida County, New York (the "Land") and the acquisition and installation of equipment in the Improvements (the "Equipment"), all to be used for the purpose of providing residential housing for persons and families of low-income and developmental disabilities (the Land, the Improvements and the Equipment is referred to collectively as the "Facility" and the demolition, construction, renovation and equipping of the Facility is referred to collectively as the "Project").

It is the intent of the Issuer that this agency appointment include, from the effective date of such appointment, authority to purchase, lease and otherwise use on behalf of the Issuer all materials, equipment, goods, services and supplies to be incorporated into

and made an integral part of the Facility and also include the following activities as they relate to the demolition, construction, renovation and equipping of the Facility, whether or not any materials, equipment or supplies described below are incorporated into or become an integral part of the Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with the demolition, construction, renovation and equipping of the Facility; (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with the demolition, construction, renovation and equipping of the Facility including all utility services and (iii) all purchases, leases, rentals and uses of equipment, machinery, and other tangible personal property (including installation costs), installed or placed in, upon or under such building, including all repairs and replacements of such property.

The agency appointment includes the power to delegate such agency appointment, in whole or in part, to agents, subagents, contractors, subcontractors, materialmen, suppliers and vendors of the Company and to such other parties as the Company chooses so long as they are engaged, directly or indirectly, in the activities hereinbefore described.

In exercising this agency appointment, you and each of your properly appointed agents and subagents must claim the sales tax exemption for all purchases by giving your vendors New York State Form ST-123. Demolition and construction contracts, purchase orders and other agreements relating to the project should be executed by the Company, or any sub-agent appointed by the Company, as agent of the Issuer. Also, purchases must be billed or invoiced by the vendor to the Company, or any sub-agent appointed by the Company, as agent of the Issuer (e.g. "Vecino Group New York, LLC as agent for the City of Utica Industrial Development Agency"). The supplier or vendor should identify the Facility as the "**Asteri Utica Facility**" on each bill or invoice and indicate thereon that the Company, its agents, subagents, contractors and subcontractors acted as agent for the City of Utica Industrial Development Agency in making the purchase.

You and each of your agents, subagents, contractors and/or subcontractors claiming a sales tax exemption in connection with the Facility must also execute a copy of the Contract in Lieu of Exemption Certificate attached hereto, and must complete a New York State Department of Taxation and Finance Form ST-60. Original copies of each Contract in Lieu of Exemption Certificate and completed Form ST-60 must be delivered to the Agency within five (5) days of the appointment of each of your agents, subagents, contractors or subcontractors. Any agent, subagent, contractor or subcontractors of the Company which delivers completed Form ST-60 to the Agency

Rick Manzardo

_____, 2015

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will be deemed to be the agent, subagent, contractor or subcontractor of the Agency for purposes of demolishing, constructing, renovating and equipping the Facility, and shall only then be authorized to use Form ST-123 as described above. **Failure to comply with these requirements may result in loss of sales tax exemptions for the Facility.**

It is important to note that contractors and subcontractors who have not been appointed subagent cannot use the sales tax exemption for equipment rental, tools, supplies and other items that do not become part of the finished project. Contractors and subcontractors must be appointed as agent or sub-agent of the Agency to use the Agency sales tax exemption for these purchases. Contractors and subcontractors who have not been appointed a subagent must claim the sales tax exemption for construction materials by giving their vendors a completed "Contractor Exempt Purchase Certificate" (Form ST-120.1) checking box (a).

You should be aware that the New York State General Municipal Law requires you to file with the New York State Department of Taxation and Finance Form ST-340 (Annual Report of Sales and Use Tax Exemptions Claimed by Agent/Project Operator of Industrial Development Agency/Authority) regarding the value of sales tax exemptions you, your agents, consultants or subcontractors have claimed pursuant to the authority we have conferred on you with respect to this Project. This statement must be filed on an annual basis for as long as the Company is claiming a sales tax exemption. **The penalty for failure to file such statement is the removal of your authority to act as an agent.**

The value of exemptions from sales and use taxes on materials and equipment authorized by the Agency is estimated at \$175,000 but shall not exceed \$192,500 in the aggregate. If the exemptions claimed by the Company on Form ST-340 exceed \$192,500, the amount authorized by the Agency, it may subject the Company to recapture of sales tax by New York State.

The aforesaid appointment of the Company as agent of the Issuer to demolish, construct, renovate and equip the Facility shall expire on November 17, 2016. If, for some reason, this transaction never closes, you will be liable for payment of the sales tax, if applicable and you are not otherwise exempt, on all materials purchased.

Rick Manzardo

_____, 2015
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Please sign and return a copy of this letter for our files.

Very truly yours,

CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY

By:

Jack N. Spaeth, Executive Director

ACCEPTED and AGREED

VECINO GROUP NEW YORK, LLC

By:

Rick Manzardo
Member

