

TRENTON ROAD, LLC

and

CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

City of Utica Industrial Development Agency
2007 Lease/Leaseback Transaction
(Trenton Road, LLC Facility)

City of Utica, Utica City School District

Tax Account No.:

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS AGREEMENT, dated as of July 1, 2007 is by and between **TRENTON ROAD, LLC**, a limited liability company duly organized and validly existing under the laws of the State of New York, having its principal office at 400 Jordan Road, Troy, New York 12108 (the "Company") and **CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY**, an industrial development agency and a public benefit corporation of the State of New York having its principal office at One Kennedy Plaza, Utica, New York 13502 (the "Agency").

W I T N E S S E T H:

WHEREAS, the Agency is authorized and empowered by the provisions of Title 1 of Article 18-A of the General Municipal Law, Chapter 99 of the Consolidated Laws of New York, as amended, (the "Enabling Act"), and Chapter 710 of the Laws of 1981 of the State of New York, as amended, constituting Section 901 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of, among others, industrial facilities for the purpose of promoting, attracting and developing economically sound commerce and industry in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, the Company desires to (i) construct and renovate a 58.81± acre parcel of land located on Trenton Road in the City of Utica, commonly known as the Weaver Property (the "Land"); (ii) construct on the Land a new mixed-use residential development project consisting of one hundred forty-four (144) senior rental apartments in three (3) three-story buildings and a one-story community building (collectively, the "Senior Development"); ten(10) townhouse buildings consisting of four (4) units each with attached garages, seventy (70) single-family homes with attached garages (collectively, "Single Family Development"), together with all planned infrastructure (the "Infrastructure") (the Senior Development, the Single Family Development and the Infrastructure referred to collectively as the "Improvements"); and (iii) acquire and install machinery and equipment in the Improvements (the "Equipment"), all for the purpose of developing an intergenerational community know as Colonial Square Subdivision (the Land, the Improvements, and the Equipment referred to collectively as the "Facility")

WHEREAS, in order to induce the Company to develop the Facility, the Agency is willing to take a leasehold interest in the land, and title to the personal property and improvements constituting the Facility and lease said land, improvements and personal property back to the Company pursuant to the terms and conditions of a Leaseback Agreement dated on or about the date hereof (the "Leaseback Agreement"); and

WHEREAS, the Agency has agreed to accept a leasehold interest in and to the Facility in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, the Facility will be exempt from real property taxes, general property taxes, general school district taxes, general assessments, service charges or other governmental charges of a

similar nature levied and/or assessed upon the Facility or the interest therein of the Company or the occupancy thereof by the Company commencing January 1, 2008 (the "Exempt Taxes"), because the Agency has a leasehold or other interest in the Facility and used for a purpose within the meaning of the applicable Constitutional and statutory provisions, including the Enabling Act, provided, however, such exemption will not extend to special assessments or ad valorem levies; and

WHEREAS, the Company understands that it, as lessee of the Facility leased by the Agency, will, in fact, have no Exempt Taxes to pay under the provisions of the Leaseback Agreement from January 1, 2008 through the term of the Leaseback Agreement (the "Exemption Term") (each year measured by the twelve month period commencing with the first day of January, herein referred to as an "Exemption Year"); and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provision for payments-in-lieu-of-taxes and such assessments by the Company to the City of Utica, or any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be, wholly or partially located, Utica City School District and appropriate special districts (hereinafter each a "Taxing Authority" and collectively the "Taxing Authorities") in which any part of the Facility is or is to be located; and

WHEREAS, all defined terms herein as indicated by the capitalization of the first letter thereof and not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Leaseback Agreement.

NOW, THEREFORE, to provide for certain payments to the Taxing Authorities, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The Company shall pay to each Taxing Authority:

(a) all taxes that are due with respect to the Facility prior to the Exemption Term, no later than the last day during which such payments may be made without penalty; and

(b) all special assessments and ad valorem taxes coming due and payable during the term of the Leaseback Agreement for which the Facility is not exempt, no later than the last day during which such payments may be made without penalty.

2. The Company shall pay to each Taxing Authority as set forth on Schedule A attached hereto and made a part hereof an amount in lieu of the Exempt Taxes (the "PILOT Payments") during each Exemption Year as follows:

one hundred percent (100%) of such taxes from the first through and including the commencement of the following:

(a) Senior Development:

(1) The real property tax abatements for the Senior Development will commence upon the issuance of a Certificate of Occupancy for the first apartment building and shall continue for a term of twenty-eight (28) years, during which time the Company will pay the greater of 1% of gross potential revenue paid from the Facility or

\$28,000 during years 1 through and including 5; 25% of taxes years 6 through and including 10; 30% of taxes in year 11; 31.5% of taxes in year 12; 32.9% of taxes in year 13; 34.4% of taxes in year 14; and 35.9% of taxes in year 15; 37.4% of taxes in year 16; 38.8% of taxes in year 17; 40.3% of taxes in year 18; 41.8% of taxes in year 19; 43.2% of taxes in year 20; 44.7% of taxes in year 21; 46.2% of taxes in year 22; 47.6% of taxes in year 23; 49.1% of taxes in year 24; 50.6% of taxes in year 25; 52.1% of taxes in year 26; 53.5% of taxes in year 27; 55% of taxes in year 28; and 100% of taxes in year 29 and thereafter. The Company contemplates that it will assign to any purchaser thereof at the time of transfer of title the PILOT, the lease and the Company's obligation to purchase the Issuer's interest in the Senior Development.

(b) Single-Family Development:

(1) The PILOT Payments with respect to the Single-Family Development will be an amount equal to the full amount of the Exempt Taxes that would be due if the Single Family Development were owned by the Company and the Agency did not have an interest therein, multiplied by a fraction, the numerator of which is 70 less the number of Units in the Single Family Development as to which a Unit Lease and PILOT Agreement has been entered into as provided in Section [2.3A] of the Leaseback Agreement and the denominator of which is 70.

(2) The execution of a Unit Lease and PILOT Agreement with respect to a Unit in the Single Family Development will be deemed to be a severance of that Unit from the terms of this PILOT Agreement and thereafter the PILOT Payments due with respect to that Unit will be governed solely by the terms of the Unit Lease and PILOT Agreement.

Anything herein to the contrary, notwithstanding, this Agreement shall terminate on the date on which the Leaseback Agreement shall terminate and the Agency shall terminate its leasehold interest in the Facility pursuant to the Leaseback Agreement.

Anything herein to the contrary, notwithstanding, upon the failure of the Company in making any payment when due hereunder and upon failure to cure such default within thirty (30) days of receipt of notice as herein provided, the Company shall henceforth pay as PILOT Payments one hundred (100%) percent of the Exempt Taxes together with interest at the rate of nine (9%) percent per annum on any delinquent PILOT Payments together with expenses of collection, including but not limited to, payment of attorneys' fees; provided, however, nothing herein contained shall be deemed to limit any other rights and remedies the Agency may have hereunder or under any other Transaction Document.

3. The Company will make PILOT Payments to each Taxing Authority hereunder for each Exemption Year by making the required payment to such Taxing Authority no later than the last day during which such Exempt Taxes could otherwise be made without penalty as if the Facility was owned by the Company and not by the Agency.

4. The PILOT Payments to be made by the Company pursuant to this Agreement are intended to be in lieu of all Exempt Taxes that would have to be paid on the Facility leased to the

Company by the Leaseback Agreement if the Agency did not have a leasehold or other interest in the Facility.

5. If by reason of a change in the Constitution or laws of the State of New York, or an interpretation of the Constitution or the laws of the State of New York by the Court of Appeals (or such lower court from which the time to appeal has expired) of the State of New York, or for any other reason, the Company is required to pay any tax which the payments specified herein are intended to be in lieu of, the Company may deduct the aggregate of any such payments made by it from the amount herein agreed to be paid in lieu of such taxes and need only pay the difference. Furthermore, inasmuch as the PILOT Payments herein agreed to be made by the Company are intended to be in lieu of all Exempt Taxes, it is agreed that said payments shall not, as to any Exemption Year, be in an amount greater than would be payable for such year for such Exempt Taxes, in the aggregate, by a private corporation on account of its ownership of the Facility.

6. This Agreement shall be binding, and inure to the benefit of, upon the successors and assigns of the parties, more specifically (i) Colonial Square Associates, LLC ("Colonial") as successor fee owner to the Company with respect to the Senior Development and (ii) National City Bank (the "Mortgagee") under a construction loan (the "Indebtedness") to Colonial, should the Mortgagee take title to the Senior Development as a result of any foreclosure or deed-in-lieu-of-foreclosure. Upon such transfer of title, new title holder shall assume all obligation of Company under the Agreement pursuant to the Assignment dated _____.

7. It is the intent of the parties that the Company will have all the rights and remedies of a taxpayer with respect to any real property or other tax, service charge, special benefit, ad valorem levy, assessment or special assessment or service charge because of which, or in lieu of which, the Company is obligated to make a payment hereunder, as if and to the same extent as if the Company were the owner of the Facility. It is the further intent of the parties that the Company will have all of the rights and remedies of a taxpayer as if and to the same extent as if the Company were the owner of the Facility with respect to any proposed assessment or change in assessment concerning the property, or any portion thereof, whether through an assessor, board of assessment review, court of law, or otherwise and likewise will be entitled to protest before and be heard by such assessor, board of assessment review, court of law or otherwise and will be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment or the validity or amount of any taxes that would have been payable but for the provisions hereof. In the event, however, that a court of competent jurisdiction shall enter an order or judgment determining or declaring that, by reason of the Agency's ownership of the Facility, the Company does not have the right to bring a proceeding to review such assessment under the Real Property Tax Law or any other law, then the Company shall have the right to contest such assessment in the name and as the agent of the Agency, and the Agency agrees to cooperate with the Company in all respects in any such proceeding at the sole cost and expense of the Company.

8. All amounts payable by the Company hereunder will be paid to the respective Taxing Authority and will be payable in such lawful money of the United States of America as at the time of payment is legal tender for the payment of public and private debts, including a check payable in such money.

9. (a) If any term or provision hereof should be for any reason held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such term or provision will be deemed separate and independent and the remainder hereof will remain in full force and

effect and will not be invalidated, impaired or otherwise affected by such holding or adjudication.

(b) This Agreement may not be effectively amended, changed, modified, altered or terminated except by an instrument in writing executed by the parties hereto.

(c) 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 Agency or the Company, as the case may be, addressed as follows:

If to the Agency:

City of Utica Industrial Development Agency
One Kennedy Plaza
Utica, New York 13502
Attn: Joseph H. Hobika, Jr., Executive Director

With a Copy to:

Callanen, Foley & Hobika
1417 Genesee Street
Utica, New York 13501
Attn.: Andrew Hobika, Esq.

If to the Company:

Trenton Road, LLC
400 Jordan Road
Troy, New York 12108
Attn.: Walter F. Uccellini, Managing Member

With a Copy to:

Roemer Wallen & Mineaux LLP
13 Columbia Circle
Albany, New York 12203
Attn.: John R. Mineaux, Esq.

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

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

10. No recourse against agency:

(a) Mortgagee agrees that the Mortgagee will not look to the Agency or any principal, member, director, officer or employee of the Agency with respect to the Indebtedness or any covenant, stipulation, promise, agreement or obligation contained in the Mortgage securing the Indebtedness (the "Mortgage"). In enforcing its rights and remedies under the Mortgage or this Agreement, the Mortgagee will look solely to the Facility for the payment of the Indebtedness and for the performance of the provisions hereof. The Mortgagee will not seek a deficiency or other money judgment against the Agency or any principal, member, director, officer or employee of the Agency and will not institute any separate action against the Agency by reason of any default which may occur in the performance of any of the terms and conditions of any documents evidencing the Indebtedness. The Agency, in consideration thereof, agrees that the Mortgagee or any third party succeeding to the interests of the Company as a result of a foreclosure or deed-in-lieu-of-foreclosure shall enjoy all rights and benefits provided to the Company under this Agreement, provided however, any third party succeeding to the interests of the Company shall assume all the liabilities and obligations of the Company hereunder and under the Lease Agreement.

11. Hold Harmless

(a) The Company agrees that the Agency, its directors, members, officers, agents (except for the Company) and employees shall not be liable for and Company agrees to defend, indemnify, release and hold the Agency, its directors, members, officers, agents (except the Company) and employees harmless from and against any and all (i) liability for loss or damage to Property or injury to or death of any and all Persons that may be occasioned by, directly or indirectly, any cause whatsoever pertaining to the Facility or arising by reason of or in connection with the occupation or the use thereof or the presence of any Person or Property on, in or about the Facility or the Land or (ii) liability arising from or expense incurred by the Agency's financing, acquiring, constructing, renovating, equipping, owning and leasing of the Facility, including without limiting the generality of the foregoing, all claims arising from the breach by the Company of any of their respective covenants contained herein and all causes of action and attorneys' fees and any other expenses incurred in defending any claims, suits or actions which may arise as a result of any of the foregoing, provided that any such losses, damages, liabilities or expenses of the Agency are not incurred or do not result from the gross negligence or intentional or willful wrongdoing of the Agency, or any of its directors, members, agents (except the Company) or employees.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this **PILOT Agreement** as of the date first above written.

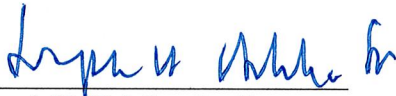
TRENTON ROAD, LLC

By:


Erik A. Steffensen
Assistant Manager

CITY OF UTICA INDUSTRIAL
DEVELOPMENT AGENCY

By:

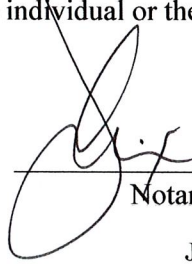

Joseph H. Hobika, Sr., Esq.
Chairman

STATE OF NEW YORK)

: ss.:

COUNTY OF ALBANY)

On the 28 day of July 2007 before me, the undersigned a notary public in and for said state, personally appeared **Erik A. Steffensen**, Assistant Manager of Trenton Road, LLC, 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.



Notary Public

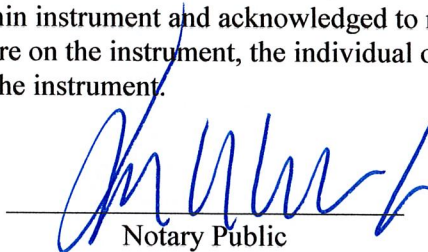
JOHN R. MINEAUX
Notary Public, State of New York
No. 02MI4829537
Qualified in Albany County
Commission Expires March 30, 2011

STATE OF NEW YORK)

: ss.:

COUNTY OF ONEIDA)

On the 30 day of July 2007 before me, the undersigned a notary public in and for said state, personally appeared **Joseph H. Hobika, Sr.**, Chairman of the City of Utica Industrial Development Agency, 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.



Notary Public

JOSEPH H. HOBICA, JR.
Notary Public, State of New York
Reg. No 02HO6100395
Appointed in Oneida County 07
My Commission Expires 10/20/20 _____

SCHEDULE A

COUNTY OF ONEIDA
Receiver of Taxes
800 Park Avenue
Utica, New York 13501

CITY OF UTICA
Receiver of Taxes
One Kennedy Plaza
Utica, New York 13502
Attn.: City Treasurer

UTICA CITY SCHOOL DISTRICT
Receiver of Taxes
1115 Mohawk Street
Utica, New York 13501



INDUSTRIAL DEVELOPMENT AGENCIES
APPLICATION FOR REAL PROPERTY TAX EXEMPTION
(Real Property Tax Law, Section 412-a and General Municipal Law, Section 874)

1. INDUSTRIAL DEVELOPMENT AGENCY (IDA)

Name CITY OF UTICA IDA
Street ONE KENNEDY PLAZA
City UTICA, NEW YORK 13502
Telephone no. Day (315) 792-0195
Evening ()
Contact JOSEPH H. HOBIKA, JR., ESQ.
Title EXECUTIVE DIRECTOR

2. OCCUPANT (IF OTHER THAN IDA)

(If more than one occupant attach separate listing)

Name TRENTON ROAD, LLC
Street 400 JORDAN ROAD
City TROY, NEW YORK 12180
Telephone no. Day (518) 687-7300
Evening ()
Contact WALTER F. UCCELLINI
Title MANAGING MEMBER

3. DESCRIPTION OF PARCEL

- a. Assessment roll description (tax map no./roll year)
b. Street address TRENTON ROAD
c. City, Town or Village UTICA
d. School District
e. County ONEIDA
f. Current assessment
g. Deed to IDA (date recorded; liber and page)

4. GENERAL DESCRIPTION OF PROPERTY (if necessary, attach plans or specifications)

- a. Brief description (include property use) SEE EXHIBIT A ATTACHED HERETO AND MADE A PART
b. Type of construction SEE EXHIBIT A ATTACHED HERETO AND MADE A PART
c. Square footage SEE ATTACHED
d. Total cost
e. Date construction commenced JULY 31, 2007
f. Projected expiration of exemption (i.e. date when property is no longer possessed, controlled, supervised or under the jurisdiction of IDA) SENIOR DEVELOPMENT - 7/31/2035 SINGLE FAMILY DEV. - 7/31/2025

5. SUMMARIZE AGREEMENT (IF ANY) AND METHOD TO BE USED FOR PAYMENTS TO BE MADE TO MUNICIPALITY REGARDLESS OF STATUTORY EXEMPTION

(Attach copy of the agreement or extract of the terms relating to the project).

- a. Formula for payment SEE EXHIBIT A ATTACHED HERETO AND MADE A PART. ALSO SEE PILOT AGREEMENT ATTACHED.

- b. Projected expiration date of agreement DEVELOPMENT - 7/31/2025 SENIOR DEVELOPMENT - 7/31/2035, SINGLE FAMILY

c. Municipal corporations to which payments will be made

	Yes	No
County _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Town/City _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Village _____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
School District _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>

d. Person or entity responsible for payment

Name TRENTON ROAD, LLC
 Title WALTER F. UCCELLINI, MANAGING MEMBER
 Address 400 JORDAN ROAD
TROY, NEW YORK 12180

e. Is the IDA the owner of the property? Yes/No (circle one)
If "No" identify owner and explain IDA rights or interest in an attached statement.

Telephone 518-687-7300

IDA HAS LEASEHOLD INTEREST

6. Is the property receiving or has the property ever received any other exemption from real property taxation? (check one) Yes No

If yes, list the statutory exemption reference and assessment roll year on which granted:
exemption _____ assessment roll year _____

7. A copy of this application, including all attachments, has been mailed or delivered on _____ (date) to the chief executive official of each municipality within which the project is located as indicated in Item 3.

CERTIFICATION

I, JOSEPH H. HOBIKA, SR., ESQ., CHAIRMAN of
 Name Title
CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY hereby certify that the information
 Organization
 on this application and accompanying papers constitutes a true statement of facts.

Date, 2007

Signature

FOR USE BY ASSESSOR

- Date application filed _____
- Applicable taxable status date _____
- 3a. Agreement (or extract) date _____
- 3b. Projected exemption expiration (year) _____
4. Assessed valuation of parcel in first year of exemption \$ _____
5. Special assessments and special as valorem levies for which the parcel is liable:

Date

Assessor's signature

EXHIBIT A

ALL that tract or parcel of land, situate in the City of Utica, County of Oneida and State of New York, bounded and described as follows:

BEGINNING at an iron rod on the westerly highway boundary of Trenton Road, said iron rod standing at the intersection of the westerly highway boundary of Trenton Road with the southerly boundary of the lands of the Utica Congregation of Jehovah's Witnesses, Central Unit (now or formerly), as described in a Deed dated July 14, 2000 and filed in the Oneida County Clerks Office in Liber 2926 of Deeds at Page 312; said point of beginning being further described as standing therein distant S 11° 40' 29" E 430.00 feet as measured along the westerly highway boundary of Trenton Road from the intersection of the westerly highway boundary of Trenton Road with the northerly line of the City of Utica and the southerly line of the Town of Deerfield; thence S 11° 40' 29" E 47.97 feet along the westerly highway boundary of Trenton Road to a point standing on the northerly highway boundary of Lamplighter Circle (proposed) and on a curve to the left; thence southwesterly and then southerly 216.94 feet along said aforementioned curve to the left and on the northerly and then westerly highway boundary of Lamplighter Circle (proposed) with a radius of 153.00 feet and a delta angle of 81° 14' 30" to a point; thence S 00° 48' 44" E 241.01 feet continuing along the westerly highway boundary of Lamplighter Circle (proposed) to a point standing on a curve to the right; thence southerly 306.35 feet along said aforementioned curve to the right with a radius of 435.00 feet and a delta angle of 40° 21' 02" to a point; thence S 39° 32' 18" W 47.47 feet to a point standing on a curve to the left; thence southwesterly 23.22 feet along said aforementioned curve to the left and still along the westerly highway boundary of Lamplighter Circle (proposed) with a radius of 130.00 feet and a delta angle of 10° 14' 01" to a point; thence N 39° 49' 21" W 151.82 feet to a point; thence S 66° 22' 49" W 80.88 feet to a point standing on the northeasterly highway boundary of Centennial Circle (proposed); thence N 38° 14' 16" W 198.14 feet along the northeasterly highway boundary of Centennial Circle (proposed) to a point standing on a curve to the left; thence northwesterly 122.98 feet along said aforementioned curve to the left continuing along the northeasterly highway boundary of Centennial Circle (proposed) with a radius of 180.00 feet and a delta angle of 39° 08' 23" to a point standing on the northerly highway boundary of Centennial Circle (proposed); thence N 77° 22' 39" W 191.96 feet still along the northerly highway boundary of Centennial Circle (proposed) to a point; thence N 44° 36' 14" W 170.36 feet to a point standing on the easterly boundary of Thomas D. Mayer (now or formerly); thence N 30° 14' 09" E 614.72 feet along the easterly boundary of Thomas D. Mayer, the easterly boundary of Eugene Saraka (now or formerly), the easterly boundary of Richard Ching (now or formerly), the easterly boundary of Roger W. Roy (now or formerly), the easterly boundary of Ronald C. Stevens (now or formerly), the easterly boundary of Elizabeth Mackey (now or formerly), the easterly boundary of Sharon E. Migliaccio (now or formerly), the easterly boundary of Vyacheslav Shilo (now or formerly) and then along the easterly boundary of David E. Goss, Jr. and Donna M. Goss (now or formerly) to an iron rod standing on the southwesterly boundary of the lands of the Utica Congregation of Jehovah's Witnesses, Central Unit; thence S 57° 23' 30" E 518.66 feet along the southwesterly boundary of the lands of the Utica Congregation of Jehovah's Witnesses, Central Unit to an iron rod standing on the southerly boundary of the lands of the Utica Congregation of Jehovah's Witnesses, Central Unit; thence N 68° 34' 31" E 214.77 feet along the southerly boundary of the lands of the Utica Congregation of Jehovah's Witnesses, Central Unit to the point and place of beginning. The above described parcel containing 11.040 acres (480,895.8 sq. ft.) of land, more or less.