

Transcript Document No. []

**Inducement Resolution
Artspace Utica Lofts, L.P. Facility**

RESOLUTION OF THE CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY TAKING OFFICIAL ACTION IN CONNECTION WITH A LEASE-LEASEBACK TRANSACTION WITH ARTSPACE UTICA LOFTS, L.P., THE PRINCIPALS OF ARTSPACE UTICA LOFTS, L.P., AND/OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING, 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, Artspace Utica Lofts, L.P., on behalf of itself and/or the principals of Artspace Utica Lofts, L.P. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company") and a housing development funding company to be formed pursuant to Article XI of the Private Housing Financing Law of the State of New York and Section 402 or the Not-For-Profit Corporation Law (the "HDFC") have applied to the City of Utica Industrial Development Agency (the "Agency") to enter into a lease-leaseback transaction in which the Agency will assist in (i) acquisition of those certain parcels of vacant land located at the corner of Park Avenue and Clark Place, 1018 Park Avenue, 1022 Park Avenue and (no number assigned) Park Avenue, in the City of Utica, Oneida County, New York (collectively, the "Land"); (ii) construction on the Land of a four-story building measuring approximately 42,640± square feet in the aggregate containing 43 live/work units, an outdoor plaza, approximately 43 parking spaces, utilities, landscaping, and a path and playground that will connect with the City of Utica planned multipurpose event space on the adjacent parcel (collectively, the "Improvements"); and (iii) acquisition and installation of furniture, fixtures and equipment in the Improvements (the "Equipment"), all to be used for the purpose of providing affordable housing and work spaces to artists and their families and to connect artists to the Utica community (the Land, the Existing Improvements, the Improvements and the Equipment are referred to collectively as the "Facility" and the acquisition, construction and equipping of the Facility is referred to collectively as the "Project"); and

WHEREAS, the HDFC will be the fee owner of the Facility, as nominee for the Company pursuant to a Nominee Agreement (the "Nominee Agreement") between the HDFC and the Company, and will enter into the lease-leaseback transaction for the limited purpose of granting a leasehold interest to, and accepting a leasehold interest back from, the Agency; and

WHEREAS, the HDFC and the Company will lease the Facility to the Agency pursuant to a Lease Agreement; and

WHEREAS, the Facility will be leased back to the Company for its operation pursuant to a Leaseback Agreement by and among the Agency, the HDFC 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, as beneficial owner, will have all rights under the Nominee Agreement to accept a leasehold interest in the Facility, operate the Facility and is compelled to perform all of the obligations under the Leaseback Agreement on behalf of the HDFC; and

WHEREAS, the Company intends to further sublease individual residential units comprising the Facility to residential tenants (each a "Residential Sublessee" and collectively the "Residential Sublessees"); and

WHEREAS, Bank of America, N.A. ("Bank") intends to finance a portion of the costs of the Facility by extending a construction loan to the Company; and

WHEREAS, the New York State Homes and Community Renewal ("NYS HHAP") intends to finance a portion of the costs of the Facility through the issuance of low income housing tax credits; 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 abatement of real property tax for a period of thirty-two (32) years, during which time the Company will pay as PILOT Payments an amount equal to (i) all taxes with respect to the Facility prior to completion of the Project, provided that such payments shall not exceed the taxes for the Facility for the 2022 – 2023 tax year and (ii) after completion of the Project, seven percent (7.00%) of the effective gross

income of the Facility for a period of 30 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, the value of the proposed Financial Assistance is as follows:

Sales and use tax exemption	\$0
Mortgage recording tax exemption	\$0
Real property tax abatement	\$6,845,270.00 (approximately)

WHEREAS, prior to the closing of a 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 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 for Financial Assistance of the Company and the HDFC dated _____, 2022 (the "Application") and to representations by the Company and the HDFC that the proposed 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

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively, the "SEQR Act" or "SEQRA"), the Agency constitutes a "State Agency"; and

WHEREAS, to aid the Agency in determining whether the Facility may have a significant effect upon the environment, the Company has prepared and submitted to the Agency an Environmental Assessment Form and related documents (the "Questionnaire") with respect to the Facility, a copy of which is on file at the office of the Agency; and

WHEREAS, prior to the granting of any tax benefits, the Agency will complete its environmental review and make determinations for purposes of SEQRA.

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, construction and equipping of the Facility and the financial assistance thereof by the Agency, through the lease of the Facility to the Company by the Agency pursuant to a lease-leaseback transaction, 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 lease-leaseback transaction, for the purpose of providing financial assistance for the acquisition, construction and equipping of the Facility, together with necessary incidental expenses in connection therewith as reflected in the Application.
- 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 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 (i) assist with the acquisition, construction and equipping of the Facility, (ii) lease the Facility to the Company pursuant to an agreement by and between the Agency and the Company whereby the Company will be obligated, among other things, to make payments to or for the account of the Agency.
- Section 4. The law firm of Bond, Schoeneck & King, PLLC is appointed Transaction Counsel and Agency Counsel in connection with the lease-leaseback transaction.

Section 5. 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 lease-leaseback transaction.

Section 6. 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 7. This resolution shall take effect immediately.

[end of resolution]

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

I, the undersigned Assistant 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 August 17, 2022 at 9:00 a.m., local time, at One Kennedy Plaza, Utica, New York which the following members were:

Members Present: Vincent J. Gilroy, Jr.; Mark Curley; John Buffa; Emmet Martin; John Zegarelli

Staff Present: Jack Spaeth, Executive Director

Others Present: Laura Ruberto (BSK); Mary Shepherd and Andrew Derminio (BGM Supply)

Others via WebEx: Linda Romano (BSK); Becky Carlson St. Clair (Artspace); Alex Catera (community member)

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

*Vincent J. Gilroy, Jr. voting aye;
Mark Curley voting aye;
John Buffa voting aye;
Emmet Martin voting aye; and
John Zegarelli 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 17th day of August 2022.

A handwritten signature in blue ink, appearing to read "JNS".

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 August 2022, at _____ AM, local time, at Utica City Hall, Urban & Economic Development Corporation conference room, Second Floor, One Kennedy Plaza, Utica, New York, in connection with the following matters:

Artspace Utica Lofts, L.P., on behalf of itself and/or the principals of Artspace Utica Lofts, L.P. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company") and Johnson Park Green Living Housing Development Fund Corporation, a housing development funding company formed pursuant to Article XI of the Private Housing Financing Law of the State of New York and Section 402 or the Not-For-Profit Corporation Law (the "HDFC") have applied to the City of Utica Industrial Development Agency (the "Agency") to enter into a lease-leaseback transaction in which the Agency will assist in (i) acquisition of those certain parcels of vacant land located at the corner of Park Avenue and Clark Place, 1018 Park Avenue, 1022 Park Avenue and (no number assigned) Park Avenue, in the City of Utica, Oneida County, New York (collectively, the "Land"); (ii) construction on the Land of a four-story building measuring approximately 42,640± square feet in the aggregate containing 43 live/work units, an outdoor plaza, approximately 43 parking spaces, utilities, landscaping, and a path and playground that will connect with the City of Utica planned multipurpose event space on the adjacent parcel (collectively, the "Improvements"); and (iii) acquisition and installation of furniture, fixtures and equipment in the Improvements (the "Equipment"), all to be used for the purpose of providing affordable housing and work spaces to artists and their families and to connect artists to the Utica community (the Land, the Existing Improvements, the Improvements and the Equipment are referred to collectively as the "Facility" and the acquisition, construction and equipping of the Facility is referred to collectively as the "Project"). The Facility will be initially operated by the Company.

The HDFC will own the Facility, as nominee for the Company, and will (together with the Company) enter into the lease-leaseback transaction for the limited purpose of granting a leasehold interest to, and accepting a leasehold interest back from, the Agency. The Company and the HDFC will lease the Facility to the Agency for a term of approximately thirty-two (32) years (the "Lease Term"). The Agency will lease the Facility back to the Company for the Lease Term, and the Company will further sub-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 in the form of abatement of real property tax for a period of thirty-two (32) 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: August __, 2022

By: /s/ Vincent J. Gilroy, Jr., Chairman

EXHIBIT B

MINUTES OF PUBLIC HEARING

City of Utica Industrial Development Agency
2022 Real Estate Lease
Artspace Utica Lofts, L.P. Facility

1. Jack Spaeth, Executive Director of the City of Utica Industrial Development Agency (the "Agency"), called the hearing to order.
2. The Executive Director, also being the Assistant Secretary of the Agency, recorded the minutes of the hearing.
3. The Executive Director then described the proposed project and related financial assistance as follows:

Artspace Utica Lofts, L.P., on behalf of itself and/or the principals of Artspace Utica Lofts, L.P. and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company") and a housing development funding company to be formed pursuant to Article XI of the Private Housing Financing Law of the State of New York and Section 402 or the Not-For-Profit Corporation Law (the "HDFC") have applied to the City of Utica Industrial Development Agency (the "Agency") to enter into a lease-leaseback transaction in which the Agency will assist in (i) acquisition of those certain parcels of vacant land located at the corner of Park Avenue and Clark Place, 1018 Park Avenue, 1022 Park Avenue and (no number assigned) Park Avenue, in the City of Utica, Oneida County, New York (collectively, the "Land"); (ii) construction on the Land of a four-story building measuring approximately 42,640± square feet in the aggregate containing 43 live/work units, an outdoor plaza, approximately 43 parking spaces, utilities, landscaping, and a path and playground that will connect with the City of Utica planned multipurpose event space on the adjacent parcel (collectively, the "Improvements"); and (iii) acquisition and installation of furniture, fixtures and equipment in the Improvements (the "Equipment"), all to be used for the purpose of providing affordable housing and work spaces to artists and their families and to connect artists to the Utica community (the Land, the Existing Improvements, the Improvements and the Equipment are referred to collectively as the "Facility" and the acquisition, construction and equipping of the Facility is referred to collectively as the "Project"). The Facility will be initially operated by the Company.

The HDFC will own the Facility, as nominee for the Company, and will (together with the Company) enter into the lease-leaseback transaction for the limited purpose of granting a leasehold interest to, and accepting a leasehold interest back from, the Agency. The Company and the HDFC will lease the Facility to the Agency for a term of approximately thirty-two (32) years (the "Lease Term"). The Agency will lease the Facility back to the Company for the Lease Term, and the Company will further sub-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 in the form of abatement of real property tax for a period of thirty-two (32) 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.

4. The Executive Director 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. Below is a listing of the persons heard and a summary of their views.
5. The Executive Director 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)
COUNTY OF ONEIDA)

I, the undersigned Assistant 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 "Agency") on _____, 2022 at _____ a.m. local time, at Utica City Hall, Urban & Economic Development Corporation conference room, Second Floor, One Kennedy Plaza, Utica, New York with the original thereof on file in the office of the Agency, 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 _____,
2022.

(Assistant) Secretary