

**Inducement Resolution
HP Utica Preservation LLC
Historical Park Apartments Facility**

RESOLUTION OF THE CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY TAKING OFFICIAL ACTION IN CONNECTION WITH A LEASE-LEASEBACK TRANSACTION WITH HP UTICA PRESERVATION LLC, THE PRINCIPALS OF HP UTICA PRESERVATION LLC, 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, HP Utica Preservation LLC, on behalf of itself and/or the principals of HP Utica Preservation LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company") has applied to the Agency to enter into a lease-leaseback transaction in which the Agency will assist in (i) acquisition and substantial renovation of an existing 12-story, 93,250± square foot multifamily affordable housing facility with 121 units and indoor and outdoor common areas known as the Historical Park Apartments (the "Improvements") situated on a 1.83± acre parcel of land located at 100 Rutger Street in the City of Utica, Oneida County, New York (collectively, the "Land") and (ii) acquisition and installation of furniture, fixtures and equipment in the Improvements (the "Equipment"), all to be beneficially owned and operated by the Company as a multifamily affordable housing facility to enhance economic development and retain employment in downtown Utica (the Land, the Improvements and the Equipment are referred to collectively as the "Facility" and the acquisition, renovation and equipping of the Facility is referred to collectively as the "Project"); and

WHEREAS, HP Utica Housing Development Fund Corporation, a New York not-for-profit corporation is (or will be on the date of closing) the fee owner, as nominee, of the Facility and the Company is (or will be on the date of closing) beneficial owner of the Facility and 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 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 intends to further sublease individual residential units comprising the Facility to residential tenants (each a “Residential Sublessee” and collectively the “Residential Sublessees”); and

WHEREAS, the Company intends to further sublease a 1,000± square foot portion of the Facility to a retail tenant (the “Retail Sublessee” and together with the Residential Sublessees the “Sublessees”); and

WHEREAS, KeyBank, National Association (the “Bank”) intends to finance a portion of the costs of the Facility by extending a loan to the Company in the estimated principal sum of \$11,600,000.00 to be secured by a mortgage (the “Senior Mortgage”) from the Company to the Bank; and

WHEREAS, the New York State Housing Finance Agency (“NYS HFA”) intends to finance a portion of the costs of the Facility by extending a loan to the Company in the estimated principal sum of \$14,900,000.00 to be secured by a Subsidy Mortgage (the “HFA Mortgage”) from the Company to NYS HFA; and

WHEREAS, the City of Utica commissioned a housing study (the “Utica Housing Study”) that identified a need for quality affordable housing; 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-five (35) years during which time the Company will pay as PILOT Payments three percent (3.00%) of the effective gross income of the Facility (the “Financial Assistance”), which Financial Assistance is a deviation from the Agency’s Uniform Tax Exemption Policy; and

WHEREAS, the value of the proposed Financial Assistance is as follows:

Sales and use tax exemption	N/A
Mortgage recording tax exemption	N/A
Real property tax abatement	\$527,482.00 (approximately)

WHEREAS, the Agency is contemplating deviating from Policy for the following reasons:

- **The nature of the proposed Facility** – The mixed-use nature of the Facility will provide necessary amenities, is in furtherance of the Downtown Revitalization Initiative and is consistent with the Master Plan for the City of Utica. The Facility will also fill a demand for housing identified in the Vision2020 initiative and the City of Utica Housing Study.
- **The nature of the Facility before the project begins** – The Historic Park Apartment complex is an historic building that is underutilized and in need of rehabilitation.
- **The economic condition of the area at the time of the application** – the Facility is located in an area that has been designated an economic development zone pursuant to Article 18-B of the General Municipal Law, and is therefore located in a “highly distressed area” (as defined in Section 854(18) of the New York General Municipal Law) because the Facility is located in a former Empire Development Zone as described in Article 18-B of the General Municipal Law
- **The impact of the proposed Facility on existing and proposed businesses and economic development projects in the vicinity** – redeveloping and stabilizing the Facility will help to revitalize downtown Utica and will support and complement new and future projects, including the Mohawk Valley Health Services downtown campus, the Nexus Center and the Wolfsped facility.
- **The extent to which the Facility will retain and increase permanent, private sector jobs.**
- **Impact of the proposed tax exemptions on affected tax jurisdictions:** The proposed PILOT Payments are consistent with the tax payments that are currently generated by the property. They would not reduce the amount of tax revenue presently realized by the affected tax jurisdictions but they will allow the Company to make a significant investment to renovate the property, which will benefit the community.
- **The extent to which the proposed project will provide additional sources of revenue for municipalities and school districts in which the project is located** – as the building has been underutilized for several years, private development and ownership may be a boost to the local taxing jurisdictions by

providing for additional real property tax revenues through the possibility of a higher assessed value.

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, prior to the granting of any financial assistance, the Agency must make a finding that the Project will promote employment opportunities and prevent economic deterioration in the area served by the Agency; and

WHEREAS, the Company has submitted to the Agency an application and supporting materials to support said finding, including but not limited to the memorandum dated October 1, 2023 from Matt Sislen (and accompanying information) regarding the economic and other benefits to the City of Utica expected to result from the Project; and

WHEREAS, the Agency has given due consideration to the application and other materials submitted by the Company and to representations by the Company that the proposed grant of financial assistance, is an inducement to the Company to acquire and renovate the Facility, and will promote employment opportunities and prevent economic deterioration in the City of Utica; and

WHEREAS, the members of the Agency now desire to take certain initial actions to authorize the Project.

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

Section 1. Based upon the Environmental Assessment Form completed by the Company and delivered to the Agency pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act")

and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York, being 6 NYCRR Part 617, as amended (the "Regulations") and other representations and information furnished by the Company regarding the Project, the Agency determines that the action relating to the Project constitutes the replacement, rehabilitation or reconstruction of a structure or facility, in kind, on the same site, and is therefore a "Type II" action, as that term is defined in the SEQRA Act and the Regulations, for which no further environmental review is required under the SEQRA Act and the Regulations.

- Section 2.
- (a) The Project constitutes a "project" within the meaning of the Act.
 - (b) The undertaking of the Project by the Agency will induce the Company to acquire and renovate the Facility in the City of Utica, thereby preserving the supply of adequate, safe and sanitary low rent housing accommodations for persons and families of low income, 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;
 - (c) 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, renovation and equipping of the Facility, together with necessary incidental expenses in connection therewith as reflected in the Company's application to the Agency and as amended from time to time prior to the closing of the lease-leaseback transaction.
 - (d) The purpose of the Project is to significantly rehabilitate existing affordable housing, which fills a need identified in the Utica Housing Study by increasing the stock of new and safe, affordable housing as well as rehabilitating underutilized buildings into affordable housing.
 - (e) Based on the representations made by the Company and the materials provided in the Application, the Project will promote employment opportunities and prevent economic deterioration in the City of Utica.

- Section 3. 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 acquisition, renovation and equipping 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 4. Subject to the conditions set forth in Section 4.02 of the Agreement, the Agency shall (i) assist with the acquisition, renovation 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 5. The law firm of Bond, Schoeneck & King, PLLC is appointed Transaction Counsel and Agency Counsel in connection with the 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 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. A copy of this resolution, together with the attachments hereto, shall be placed on file in the office of the Agency where the same shall be available for public inspection during business hours, and shall also be posted on the Agency's public website.
- Section 9. This resolution shall take effect immediately.

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 7, 2024 at 9:00 a.m., local time, at One Kennedy Plaza, Utica, New York which the following members were:

Members Present: Vincent Gilroy, Steve Deery, Emmett Martin, John Zegarelli

Member Excused: John Buffa

Also Present: Jack Spaeth, Executive Director; Linda E. Romano, Esq. and Laura S. Ruberto, Bond, Schoeneck & King, PLLC

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

Vincent Gilroy voting aye;
Steve Deery voting aye;
Emmett Martin voting aye;
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 7th day of August 2024.



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 19th day of August 2024, at 10:00 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:

HP Utica Preservation LLC, on behalf of itself and/or the principals of HP Utica Preservation LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company") has applied to the Agency to enter into a lease-leaseback transaction in which the Agency will assist in (i) acquisition and substantial renovation of an existing 12-story, 93,250± square foot multifamily affordable housing facility with 121 units and indoor and outdoor common areas known as the Historical Park Apartments (the "Improvements") situated on a 1.83± acre parcel of land located at 100 Rutger Street in the City of Utica, Oneida County, New York (collectively, the "Land") and (ii) acquisition and installation of furniture, fixtures and equipment in the Improvements (the "Equipment"), all to be beneficially owned and operated by the Company as a multifamily affordable housing facility to enhance economic development and retain employment in downtown Utica (the Land, the Improvements and the Equipment are referred to collectively as the "Facility" and the acquisition, renovation and equipping of the Facility is referred to collectively as the "Project"). The Facility will be initially operated by the Company.

The Company will lease the Facility to the Agency for a term of approximately thirty-five (35) years (the "Lease Term"). The Agency will lease the Facility back to the Company for the Lease Term, and the Company will further sub-lease the Facility to residential tenants and a retail tenant 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-five (35) years during which time the Company will pay as PILOT Payments three percent (3.00%) of the effective gross income of the Facility (the "Financial Assistance"), which Financial Assistance is a deviation from the Agency's Uniform Tax Exemption Policy.

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. Comments may also be submitted to the Agency in writing or electronically prior to the Public Hearing. Members of the public may also access the Public Hearing on the Agency's website. Minutes of the Public Hearing will be transcribed and posted on the Agency's website. 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 and on the Agency's website.

CITY OF UTICA INDUSTRIAL
DEVELOPMENT AGENCY

Dated: August 7, 2024

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

EXHIBIT B

MINUTES OF PUBLIC HEARING

City of Utica Industrial Development Agency
2024 Real Estate Lease
HP Utica Preservation LLC Facility

1. Jack Spaeth, Executive Director of the City of Utica Industrial Development Agency (the "Agency"), called the hearing to order at _____ a.m.
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:

HP Utica Preservation LLC, on behalf of itself and/or the principals of HP Utica Preservation LLC and/or an entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company") has applied to the Agency to enter into a lease-leaseback transaction in which the Agency will assist in (i) acquisition and substantial renovation of an existing 12-story, 93,250± square foot multifamily affordable housing facility with 121 units and indoor and outdoor common areas known as the Historical Park Apartments (the "Improvements") situated on a 1.83± acre parcel of land located at 100 Rutger Street in the City of Utica, Oneida County, New York (collectively, the "Land") and (ii) acquisition and installation of furniture, fixtures and equipment in the Improvements (the "Equipment"), all to be beneficially owned and operated by the Company as a multifamily affordable housing facility to enhance economic development and retain employment in downtown Utica (the Land, the Improvements and the Equipment are referred to collectively as the "Facility" and the acquisition, renovation and equipping of the Facility is referred to collectively as the "Project"). The Facility will be initially operated by the Company.

The Company will lease the Facility to the Agency for a term of approximately thirty-five (35) 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 and a retail tenant 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-five (35) years during which time the Company

will pay as PILOT Payments three percent (3.00%) of the effective gross income of the Facility (the "Financial Assistance"), which Financial Assistance is a deviation from the Agency's Uniform Tax Exemption Policy.

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)
 : 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 the minutes of a public hearing held by the City of Utica Industrial Development Agency (the "Agency") on August 19, 2024 at 10:00 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 _____, 2024.

(Assistant) Secretary