PILOT DEVIATION APPROVAL RESOLUTION 1415 WASHINGTON PROPERTY LLC PROJECT

A regular meeting of City of Albany Industrial Development Agency (the "Agency") was convened in public session at The Capital Center located at 55 Eagle Street in the City of Albany, Albany County, New York on September 23, 2021 at 12:15 p.m., local time.

The meeting was called to order by the Chair of the Agency and, upon roll being called, the following members of the Agency were:

PRESENT:

Susan Pedo Chair
Lee E. Eck, Jr. Vice Chair
Darius Shahinfar Treasurer
Anthony Gaddy Secretary
Robert T. Schofield Member

Each of the members present participated in the meeting either in person or remotely pursuant to the signing into law on September 2, 2021 of Chapter 417 of the Laws of 2021.

ABSENT:

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

Sarah Reginelli Chief Executive Officer
Mark Opalka Chief Financial Officer
Thomas Conoscenti Chief Operating Officer
Andrew Corcione Project Services Director

Ashley Mohl Director of Development, Capitalize Albany Corporation
Renee McFarlin Senior Economic Developer, Capitalize Albany Corporation

Michael Bohne Communications & Marketing Manager, Capitalize Albany Corporation
Nora Culhane Friedel Economic Development Specialist, Capitalize Albany Corporation

Erin Grace Executive Assistant, Capitalize Albany Corporation

Marisa Franchini, Esq. Corporation Counsel
Nadene E. Zeigler, Esq. Special Agency Counsel

The following resolution was offered by _______, seconded by ______, to wit:

Resolution No. 0921-

RESOLUTION AUTHORIZING A DEVIATION FROM THE AGENCY'S UNIFORM TAX EXEMPTION POLICY IN CONNECTION WITH THE PROPOSED PAYMENT IN LIEU OF TAX AGREEMENT TO BE ENTERED INTO BY THE AGENCY IN CONNECTION WITH THE PROPOSED 1415 WASHINGTON PROPERTY LLC PROJECT.

WHEREAS, City of Albany Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 325 of the 1974 Laws of New York, as amended, constituting Section 903-a 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 manufacturing, warehousing, research, commercial and industrial facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry 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, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install one or more "projects" (as defined in the Act), or to cause said projects to be acquired, constructed, reconstructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, in January, 2021, 1415 Washington Property LLC, a State of Delaware limited liability company (the "Company") submitted an application (the "Application") to the Agency, a copy of which Application is on file at the office of the Agency, requesting that the Agency consider undertaking a project (the "Project") for the benefit of the Company, said Project consisting of the following: (A) (1) the acquisition of an interest in an approximately 2.85 acre parcel of land located at 1415 Washington Avenue (tax map number 53.-1-25) in the City of Albany, Albany County, New York (the "Land"), together with an existing approximately 66,237 square foot 95 room hotel located thereon (the "Existing Facility"), (2) the demolition of the Existing Facility and the construction on the Land of an approximately 414,850 square foot, five story building (the "New Facility" and collectively with the Existing Facility, the "Facility") and (3) the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other tangible personal property (the "Equipment") (the Land, the Facility, and the Equipment being collectively referred to as the "Project Facility"), all of the foregoing to be owned and operated by the Company as an approximately 240 unit student housing facility, with approximately 8,300 square feet of outdoor community courtyard/ampitheater and an 8,300 square foot plaza, with parking to accommodate approximately 207 vehicles and any other directly and indirectly related activities; (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, by resolution adopted by the members of the Agency on February 18, 2021 (the "Public Hearing Resolution"), the Agency authorized a public hearing to be held pursuant to Section 859-a of the Act with respect to the Project; and

WHEREAS, pursuant to the authorization contained in the Public Hearing Resolution, the Chief Executive Officer of the Agency (A) caused notice of a public hearing of the Agency (the "Public Hearing") pursuant to Section 859-a of the Act, to hear all persons interested in the Project and the financial assistance being contemplated by the Agency with respect to the Project, to be mailed on February 25, 2021 to the chief executive officers of the county and of each city, town, village and school district in which the Project Facility is to be located, (B) caused notice of the Public Hearing to be posted on February 25, 2021 on a public bulletin board located at 21 Lodge Street in the City of Albany, Albany County, New York and on the Agency's website, (C) caused notice of the Public Hearing to be published on February 27, 2021 in the Times

<u>Union</u>, a newspaper of general circulation available to the residents of the City of Albany, Albany County, New York, (D) as a result of the ban on large meetings or gatherings pursuant to Executive Order 202., as supplemented and the suspension of the Open Meetings Law relating to public hearings pursuant to Executive Order 202.15, as supplemented, each as issued by Governor Cuomo in response to the novel Coronavirus (COVID-19) pandemic, conducted the Public Hearing on March 10, 2021 at 12:00 o'clock p.m., local time electronically rather than in person; and (E) prepared a report of the Public Hearing (the "Hearing Report") fairly summarizing the views presented at such Public Hearing and caused copies of said Hearing Report to be made available to the members of the Agency; and

WHEREAS, 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 (the "Regulations") adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, "SEQRA"), by resolution adopted by the members of the Agency on September 23, 2021 (the "Resolution Confirming SEQR Determination"), the Agency (A) concurred in the determination that the City of Albany Planning Board (the "Planning Board") is the "lead agency" with respect to SEQRA, (B) acknowledged receipt of a negative declaration from the Planning Board issued on August 27, 2021 (the "Negative Declaration"), in which the Planning Board determined that the Project would not have a significant adverse environmental impact on the environment, and therefore, that an environmental statement need not be prepared with respect to the Project; and

WHEREAS, in connection with the Project, the Company has requested that the Agency deviate from its uniform tax exemption policy with respect to the terms of the proposed payment in lieu of tax agreement to be entered into by the Agency with respect to the Project Facility, which proposed deviation is outlined in the letter dated September 16, 2021 (the "Pilot Deviation Letter"), a copy of which Pilot Deviation Letter is attached hereto as Exhibit A; and

WHEREAS, pursuant to Section 874(4) of the Act, prior to taking final action on such request for a deviation from the Agency's uniform tax exemption policy, the Agency must give the chief executive officers of the City and each city, town, village and school district in which the Project Facility is located (collectively, the "Affected Tax Jurisdictions") written notice of the proposed deviation from the Agency's uniform tax exemption policy and the reasons therefor prior to the meeting of the Agency at which the members of the Agency shall consider whether to approve such proposed deviation; and

WHEREAS, on September 16, 2021, the Chief Executive Officer of the Agency sent a copy of the Pilot Deviation Letter to the Affected Tax Jurisdictions to notify the Affected Tax Jurisdictions of the proposed deviation from the Agency's uniform tax exemption policy in connection with the Project; and

WHEREAS, through the Pilot Deviation Letter, the Chief Executive Officer of the Agency notified the chief executive officers of the Affected Tax Jurisdictions of the proposed deviation from the Agency's uniform tax exemption policy and further notified said chief executive officers that the members of the Agency would consider whether to approve such proposed deviation at this meeting;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY, AS FOLLOWS:

<u>Section 1</u>. The Agency hereby finds and determines as follows:

(A) The Agency has considered any and all responses from the Affected Tax Jurisdictions to the Pilot Deviation Letter.

- (B) The Agency has reviewed and responded to all written comments received from any Affected Tax Jurisdiction with respect to the proposed deviation.
- (C) The Agency has given all representatives from an Affected Tax Jurisdictions in attendance at this meeting the opportunity to address the members of the Agency regarding the proposed deviation.
- Section 2. Based upon (A) the findings and determinations in Section 1 above, (B) any comments received at the Public Hearing, (C) input received at this meeting from the Affected Tax Jurisdictions with respect to the proposed deviation, (D) the Agency's knowledge of the Project, (E) the recommendations of Agency staff, and (F) such further investigation of the Project and the effect of the proposed deviation as the Agency has deemed appropriate, the Agency hereby determines to deviate from the Agency's uniform tax exemption policy with respect to the terms of the proposed payment in lieu of tax agreement to be entered into by the Agency with respect to the Project Facility for the reasons set forth in the Pilot Deviation Letter. Based upon the aforementioned, the Agency hereby approves a deviation from the Agency's uniform tax exemption policy, the terms of the approved deviation to be as described in the Pilot Deviation Letter attached hereto as Exhibit A.
- Section 3. Upon preparation by special counsel to the Agency of a payment in lieu of tax agreement with respect to the Project Facility reflecting the terms of this resolution (the "Payment in Lieu of Tax Agreement") and approval of same by the Chair of the Agency, the Chair of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Payment in Lieu of Tax Agreement, and, where appropriate, the Secretary (or Assistant Secretary) of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same, all in such form as is approved by the Chair, the execution thereof by the Chair to constitute conclusive evidence of such approval.
- Section 4. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Payment in Lieu of Tax Agreement, and to execute and deliver all such additional certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Payment in Lieu of Tax Agreement binding upon the Agency.

Section 5. This Resolution shall take effect immediately.

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

Susan Pedo	VOTING	
Lee E. Eck, Jr.	VOTING	
Darius Shahinfar	VOTING	
Anthony Gaddy	VOTING	
Robert T. Schofield	VOTING	

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK COUNTY OF ALBANY)) SS.:)
HEREBY CERTIFY that I have compa members of the Agency, including the original thereof on file in my office, ar	City of Albany Industrial Development Agency (the "Agency"), DO ared the foregoing annexed extract of the minutes of the meeting of the Resolution contained therein, held on September 23, 2021 with the ad that the same is a true and correct copy of said original and of such whole of said original so far as the same relates to the subject matters
meeting was in all respects duly held; said meeting was open to the general p	A) all members of the Agency had due notice of said meeting; (B) said (C) pursuant to Chapter 417 of the Laws of 2021 (the "2021 Laws"), public, and due notice of the time and place of said meeting was duly the members of the Agency, either in person or attending remotely in ghout said meeting.
I FURTHER CERTIFY that, a and has not been amended, repealed o	as of the date hereof, the attached Resolution is in full force and effect rescinded.
IN WITNESS WHEREOF, I day of September, 2021.	have hereunto set my hand and affixed the seal of the Agency this

Secretary

(SEAL)

EXHIBIT A

PILOT DEVIATION LETTER

- SEE ATTACHED -

CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY

21 Lodge Street Albany, New York 12207 Tel: 518-434-2532 ext. 19 Fax: 518-434-9846

September 16, 2021

The Honorable Daniel P. McCoy County Executive of Albany County Albany County Office Building 112 State Street, Room 1200 Albany, New York 12207 Kaweeda G. Adams, Superintendent Albany City School District 1 Academy Park Albany, New York 12207

The Honorable Kathy M. Sheehan Mayor of the City of Albany City Hall 24 Eagle Street, Room 102 Albany, New York 12207 Anne Savage, Board President Albany City School District 1 Academy Park Albany, New York 12207

RE: City of Albany Industrial Development Agency
Proposed Deviation from Uniform Tax Exemption Policy
1415 Washington Property LLC Project

Dear Ladies and Gentlemen:

This letter is delivered to you pursuant to Section 874(4)(c) of the General Municipal Law.

The City of Albany Industrial Development Agency (the "Agency") received an application (the "Application") from 1415 Washington Property LLC (the "Company"), which Application requested that the Agency consider undertaking a project (the "Project") for the benefit of the Company, said Project to consist of the following: (A) (1) the acquisition of an interest in an approximately 2.85 acre parcel of land located at 1415 Washington Avenue (tax map number 53.-1-25) in the City of Albany, Albany County, New York (the "Land"), together with an existing approximately 66,237 square foot 95 room hotel located thereon (the "Existing Facility"), (2) the demolition of the Existing Facility and the construction on the Land of an approximately 414,850 square foot, five story building (the "New Facility" and collectively with the Existing Facility, the "Facility") and (3) the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other tangible personal property (the "Equipment") (the Land, the Facility, and the Equipment being collectively referred to as the "Project Facility"), all of the foregoing to be owned and operated by the Company as an approximately 240 unit student housing facility, with approximately 8,300 square feet of outdoor community courtyard/ampitheater and an 8,300 square foot plaza, with parking to accommodate approximately 207 vehicles and any other directly and indirectly related activities; (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency.

In connection with the Application, the Company has made a request to the Agency (the "Pilot Request"). Pursuant to the Pilot Request, the Agency would (A) enter into a payment in lieu of tax agreement (the "Proposed Pilot Agreement") which terms are described below and (B) provide the mortgage recording tax abatement. The Proposed Pilot Agreement would not provide any abatements for any special assessments levied on the Project Facility.

The Proposed Pilot Agreement will provide that the Company be granted a fifteen (15) year payment in lieu of tax agreement the Facility and any portion of the Equipment assessable as real property pursuant to the New York Real Property Tax Law. Under the terms of the Proposed Pilot Agreement, the Company will pay (A) a base payment equal to one hundred percent (100%) of the normal taxes due on the site of the Project (the "Base Pilot Payment"), and (B) an additional amount based on the increase in assessed value of the Project Facility (such increase in the assessed value due to the undertaking of the Project shall be referred to as the "Improvements"), such increased amount to be adjusted by the abatement as described as follows:

	Amount of Abatement on
Years	Increased Assessment
1	0%
2	0%
3	100%
4	100%
5	100%
6	100%
7	100%
8	100%
9	90%
10	80%
11	70%
12	60%
13	50%
14	40%
15	30%
16	20%
17	10%
18 and thereafter	0%

As noted in the table above, the abatement schedule is 15 years, with Year 3 of the abatement schedule beginning in the year following the completion of the construction of the Project.

Beginning in Year 13 of the abatement schedule, the Proposed Pilot Agreement will also provide that the amount of payments in lieu of taxes payable by the Company will be the greater of (A) the amount determined in accordance with the above paragraph, or (B) an amount equal to 11.5% of the gross rental revenue generated at the Project Facility.

The Policy provides that, for a facility similar to the Project Facility, (A) the payments in lieu of taxes will normally be determined as follows: a 50% abatement in real property taxes on the improvements

in year one of the payment in lieu of tax agreement with a 10% per year decrease in such abatement over the term of the five year payment in lieu of tax agreement, (B) the amount of the assessed value of the Project Facility will change as the assessed value is established annually by the Assessor of the City of Albany and (C) the mortgage recording tax would not be abated, unless the Agency deviated from its policy with respect to the payment by the Company of real property taxes.

The purpose of this letter is to inform you of such Pilot Request and that the Agency is considering whether to grant the Pilot Request and to approve a Proposed Pilot Agreement conforming to the terms of the Pilot Request. The Agency expects to consider whether to approve the terms of the Proposed Pilot Agreement at its meeting scheduled for September 23, 2021 at 12:15 o'clock p.m., local time at The Capital Center located at 55 Eagle Street in the City of Albany, Albany County, New York (the "Meeting"). As described later in this letter, during the meeting on September 23, 2021, the Agency will review the terms of the Pilot Request and, based on the discussions during such meeting the terms of the Pilot Request may be modified.

This letter is forwarded to you for purposes of complying with Section 874 of the General Municipal Law of the State of New York, which requires written notice prior to the Agency taking final action with respect to the Proposed Pilot Agreement (if said Proposed Pilot Agreement may deviate from the provisions of the Agency's Policy).

The Agency considered the following factors in considering the proposed deviation:

- 1. The nature of the Project: The Project involves the demolition of an existing 66,237 square foot 95 room hotel and construction of an approximately 414,850 square foot, five-story building for student housing with outdoor courtyard/amphitheater and plaza with parking to be owned and operated by the Company.
 - 2. The present use of the property: An existing hotel is currently on the property.
- 3. The economic condition of the area at the time of the request of the Company and the economic multiplying effect that the Project will have on the area: At the time of the filing of the Application, the economic condition of the area in which the Project Facility is to be located is generally average. The area is also in a distressed census tract. Therefore, the area is strategically targeted for adding commercial/retail/residential development, based on the presence of vacant or underutilized buildings/real estate. This development is consistent with the Albany 2030 Plan.
- 4. The extent to which the Project will create or retain permanent, private sector jobs and the number of jobs to be created or retained and the salary range of such jobs: The Project will create approximately eight (8) new permanent jobs. The Project will also create approximately three hundred (300) construction jobs.
- 5. The estimated value of new tax exemptions to be provided: The estimated value of the tax exemptions are the following: \$2,544,000, sales and use tax; \$520,000, mortgage recording tax; and \$5,143,547 real property taxes.

- 6. The economic impact of the Proposed Pilot Agreement on affected tax jurisdictions: The economic impact of the Proposed Pilot Agreement is positive as development of the Project Facility is expected to spur additional development around the Washington Ave/Patroon Creek Corridor area of the City of Albany.
- 7. The impact of the Proposed Pilot Agreement on existing and proposed businesses and economic development projects in the vicinity: The Project will increase the consumer base to support local business and employers. The Project will have a positive revitalizing effect on the community by developing an older property in a strategically identified neighborhood location. The Project meets the intent and furthers the implementation of following the 2019 Washington Ave/Patroon Creek Corridor Study and City of Albany strategic initiatives Albany 2030.
- 8. The amount of private sector investment generated or likely to be generated by the Proposed Pilot Agreement: The investment by the Company in undertaking the Project is equal to approximately \$79,945,770.
- 9. The effect of the Proposed Pilot Agreement on the environment: The Project will not have a significant effect on the environment.
- 10. Project Timing: It is anticipated that the Project will be accomplished in a timely fashion.
- 11. The extent to which the Proposed Pilot Agreement will require the provision of additional services including, but not limited to, additional educational, transportation, police, emergency medical or fire services: It is not anticipated that the Project will have a significant burden upon the educational facilities for any school district within the City of Albany, Albany County. After the completion of the Project, the employment at the Project is not anticipated to generate a substantial burden on the highways of the City of Albany or the surrounding area. All necessary emergency medical and police services are available.
- 12. Anticipated tax Revenues: It is anticipated that there will likely be additional sales tax revenues after Project completion relating to certain future operating activities at the Project and related multiplier impacts.
- 13. The extent to which the Proposed Pilot Agreement will provide a benefit (economic or otherwise) not otherwise available within the municipality in which the Project Facility is located: The Project aligns with the continuing development of the 2019 Washington Ave/Patroon Creek Corridor Study and City of Albany strategic initiatives Albany 2030 including: (a) encouraging investment in urban land and buildings for employment and housing and (b) increase job opportunities for all residents.

The Agency will consider the Proposed Pilot Agreement (and the proposed deviation from the Agency's Uniform Tax Exemption Policy) at the Meeting. The Agency would welcome any written comments that you might have on this proposed deviation from the Agency's Uniform Tax Exemption Policy. In accordance with Section 874(4)(c) of the General Municipal Law, prior to taking final action at

the Meeting, the Agency will review and respond to any written comments received from any affected tax jurisdiction with respect to the proposed deviation. The Agency will also allow any representative of any affected tax jurisdiction present at the Meeting to address the Agency regarding the proposed deviation.

If you have any questions or comments regarding the foregoing, please do not hesitate to contact me at the above telephone number.

Sincerely yours,

By: <u>s/Sarah Reginelli</u> Chief Executive Officer

AFFIDAVIT OF MAILING OF NOTICE OF PROPOSED DEVIATION FROM UNIFORM TAX EXEMPTION POLICY

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

The undersigned, being duly sworn, hereby states:

1. That on September 16, 2021, I mailed to the following individuals a copy of a letter (the "Pilot Deviation Notice Letter") informing said individuals of (A) a proposed deviation (the "Deviation") by City of Albany Industrial Development Agency (the "Agency") from the Agency's Uniform Tax Exemption Policy relating to the proposed 1415 Washington Property LLC Project to be undertaken by the Agency for the benefit of 1415 Washington Property LLC (the "Company") and (B) the time and place of the meeting of the members of the Agency at which the question of whether to proceed with said Deviation is scheduled to be considered by the Agency:

The Honorable Daniel P. McCoy County Executive of Albany County Albany County Office Building 112 State Street, Room 1200 Albany, New York 12207	Kaweeda G. Adams, Superintendent Albany City School District 1 Academy Park Albany, New York 12207
7021 0350 0000 7167 8768	7021 0350 0000 7167 8775
The Honorable Kathy M. Sheehan Mayor of the City of Albany City Hall 24 Eagle Street, Room 102 Albany, New York 12207	Anne Savage, Board President Albany City School District 1 Academy Park Albany, New York 12207
7021 0350 0000 7167 8782	7021 0350 0000 7167 8799

2. That the letter attached hereto as Exhibit A is a duplicate copy of the Pilot Deviation Notice Letter which was mailed to the above individuals.

IN WITNESS WHEREOF, I have hereun set my hand this 17th day of September, 2021.

Nadene E Zeigler

Sworn to before me this 17th day of September, 2021.

Notary Public

Nicole H. Brown Notary Public, State of New York Qualified in Schenectady County No. 01BR6381468 Commission Expires October 1, 20

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