

**RESOLUTION APPROVING SECOND EXTENSION OF APPROVAL RESOLUTION
FC 705 BROADWAY LLC/705 BROADWAY HOTEL, LLC PROJECT**

A regular meeting of City of Albany Industrial Development Agency (the “Agency”) was convened in public session at the office of the Agency located at 21 Lodge Street in the City of Albany, Albany County, New York on June 17, 2021 at 12:15 p.m., local time.

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

PRESENT:

Tracy L. Metzger	Chair
Susan Pedo	Vice Chair
Lee E. Eck, Jr.	Secretary
Hon. Darius Shahinfar	Treasurer
Anthony Gaddy	Member
Robert T. Schofield, Esq.	Member
L. Lloyd Stewart	Member

Each of the members present participated in the meeting telephonically pursuant to Executive Order No. 202.1, as supplemented, issued by New York State Governor Andrew M. Cuomo, suspending provisions of Article 7 of the Public Officers Law that require public in-person access to public meetings and authorizing board members to participate in said meetings by conference call or similar service.

ABSENT:

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

Sarah Reginelli	Chief Executive Officer
Mark Opalka	Chief Financial Officer
Thomas Conoscenti	Chief Operating Officer
Ashley Mohl	Director of Development, Capitalize Albany Corporation
Andrew Corcione	Senior Economic Developer II, Capitalize Albany Corporation
Renee McFarlin	Senior Economic Developer, Capitalize Albany Corporation
Michael Bohne	Communications & Marketing, Capitalize Albany Corporation
Nora Culhane	Economic Development Specialist, Capitalize Albany Corporation
Virginia Rawlins	Program Assistant, Capitalize Albany Corporation
Erin Grace	Executive Assistant, Capitalize Albany Corporation
A. Joseph Scott, III, Esq.	Special Agency Counsel

The following resolution was offered by _____, seconded by _____,
to wit:

Resolution No. 0621__

**RESOLUTION APPROVING A SECOND EXTENSION OF THE EXPIRATION DATE
RELATING TO THE APPROVING RESOLUTION ADOPTED BY THE CITY OF
ALBANY INDUSTRIAL DEVELOPMENT AGENCY WITH RESPECT TO A**

COMMERCIAL PROJECT FOR FC 705 BROADWAY, LLC/705 BROADWAY HOTEL,
LLC

WHEREAS, City of Albany Industrial Development Agency (the “Agency”) is authorized and empowered by the provisions of Chapter 1030 of 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 industrial, manufacturing, warehousing, commercial, research and recreation 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 and install one or more “projects” (as defined in the Act) or to cause said projects to be acquired, constructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, in April, 2019, FC 705 Broadway, LLC and 705 Broadway Hotel, LLC, each a New York State limited liability company (collectively, the “Company”), submitted an application (the “Application”) to the Agency, a copy of which Application is on file at the office of the Agency, which Application requested 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 1.67 acre parcel of land located at 705 Broadway in the City of Albany, Albany County, New York (tax map number 76.27-1-18) (the “Land”), (2) the construction on the Land of an approximately 84,534 square foot building (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 constitute a 132 room eight (8) story hotel 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 May 16, 2019 (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 May 22, 2019 to the chief executive officers of the county and of each city, town, village and school district in which the Project is or is to be located, (B) caused notice of the Public Hearing to be posted on May 23, 2019 on a bulletin board located at Albany City Hall located at 24 Eagle Street in the City of Albany, Albany County, New York, as well as the Agency’s website, (C) caused notice of the Public Hearing to be published on May 24, 2019 in the Albany Times Union, a newspaper of general circulation available to the residents of the City of Albany, New York, (D) conducted the Public Hearing on June 12, 2019 at 12:00 o’clock p.m., local time at the offices of

the Agency located at 21 Lodge Street in the City of Albany, Albany County, New York, 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 June 20, 2019 (the “SEQR Resolution”), 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 and (B) acknowledged receipt of a negative declaration from the Planning Board issued on January 18, 2018 (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, by further resolution adopted by the members of the Agency on June 20, 2019 (the “Commercial/Retail Finding Resolution”), the Agency (A) determined that the Project constituted a “commercial project” within the meaning of the Act, (B) found that although the Project Facility appears to constitute a project where facilities or properties that are primarily used in making the retail sales of goods or services to customers who personally visit such facilities may constitute more than one-third of the costs of the Project, the Agency is authorized to provide financial assistance in respect of the Project pursuant to Section 862(2)(a) of the Act because the Project Facility is located in a highly distressed area, (C) determined, following a review of the Public Hearing Report, that the Project would serve the public purposes of the Act by preserving permanent private sector jobs in the State of New York and (D) determined that the Agency would proceed with the Project and the granting of the Financial Assistance; provided however, that no financial assistance would be provided to the Project by the Agency unless and until the Mayor of City of Albany, as chief executive officer of City of Albany, New York, pursuant to Section 862(2)(c) of the Act, confirmed the proposed action of the Agency with respect to the Project; and

WHEREAS, by resolution adopted by the members of the Agency on June 20, 2019 (the “Pilot Deviation Approval Resolution”), the members of the Agency determined to deviate from the Agency’s uniform tax exemption policy with respect to the Project; and

WHEREAS, pursuant to a resolution adopted by the members of the Agency on June 20, 2019 (the “Approving Resolution”), the Agency determined to grant the Financial Assistance and to enter into a lease agreement (the “Lease Agreement”) between the Agency and the Company and certain other documents related thereto and to the Project (collectively with the Lease Agreement, the “Basic Documents”). Pursuant to the terms of the Lease Agreement, (A) the Company will agree (1) to cause the Project to be undertaken and completed, and (2) as agent of the Agency, to undertake and complete the Project and (B) the Agency has leased the Project Facility to the Company. The Lease Agreement grants to the Company certain options to acquire the Project Facility from the Agency; and

WHEREAS, by certificate dated June 25, 2019 (the “Public Approval”), the Mayor, as chief executive officer of the City of Albany, New York, approved the proposed action to be taken by the Agency with respect to the Project for purposes of Section 862(2)(c) of the Act; and

WHEREAS, pursuant to the Agency’s Policy Manual, the Approving Resolution was scheduled to expire on June 20, 2020, unless the Agency granted an extension to such expiration date; and

WHEREAS, by resolution adopted by the members of the Agency on June 18, 2020 (the “Resolution Approving Extension of Approval Resolution”), the Agency determined to extend the expiration date of the Approving Resolution from June 20, 2020 to June 20, 2021; and

WHEREAS, the Company has provided a written request dated May 24, 2021 (the “Second Extension Request”), which Second Request is attached hereto as Exhibit A, requesting that the Agency again extend the scheduled expiration date of the Approving Resolution, as extended, to June 20, 2022; and

WHEREAS, the members of the Agency have reviewed the Second Extension Request and desire to extend the expiration date of the Resolution Approving Extension of Approval Resolution;

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

Section 1. Based upon the representations made by the Company in the Second Extension Request, the Agency hereby finds that the findings and determinations relating to the Project contained in Section 3 of the Approving Resolution, as extended, continue to be in effect, and, therefore, the Agency hereby determines that it is desirable and in the public interest to extend the expiration date of the Approving Resolution, as extended, from June 20, 2021 to June 20, 2022.

Section 2. The Agency hereby determines as follows: to extend the expiration date of the Approving Resolution, as extended, to June 20, 2022.

Section 3. 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 this Resolution, 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 this Resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of this Resolution binding upon the Agency.

Section 4. Except as modified by this Resolution, the Approving Resolution and the Resolution Approving Extension of Approval Resolution shall remain in full force and effect and the terms and conditions thereof are hereby confirmed.

Section 5. All action taken by the Chief Executive Officer of the Agency, Agency Counsel and Agency Special Counsel with respect to the Project, the Second Extension Request and the granting of the Extension Request is hereby ratified and confirmed.

Section 6. 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:

Tracy L. Metzger	VOTING	_____
Susan Pedo	VOTING	_____
Lee E. Eck, Jr.	VOTING	_____
Hon. Darius Shahinfar	VOTING	_____
Anthony Gaddy	VOTING	_____
Robert T. Schofield, Esq.	VOTING	_____
L. Lloyd Stewart	VOTING	_____

The Resolution was thereupon declared duly adopted.

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

I, the undersigned (Assistant) Secretary of City of Albany Industrial Development Agency (the “Agency”), DO HEREBY CERTIFY that I have compared the foregoing annexed extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on June 17, 2021 with the original thereof on file in my office, and that the same is a true and correct copy of said original and of such Resolution contained therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respects duly held; (C) pursuant to Article 7 of the Public Officers Law (the “Open Meetings Law”), except as modified by Executive Order 202.1, as supplemented, said meeting was open to the general public, and due notice of the time and place of said meeting was duly given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Agency present, either in-person or appearing telephonically in accordance with Executive Order 202.1, as supplemented, throughout said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this _____ day of June, 2021.

(Assistant) Secretary

(SEAL)

SCHEDULE A
SECOND EXTENSION REQUEST

- SEE ATTACHED -

City of Albany Industrial Development Agency (CAIDA)
c/o Department of Economic Development
21 Lodge Street
Albany, NY 12207

May 24, 2021

Re: FC 705 Broadway, LLC and 705 Broadway Hotel, LLC Project

Dear CAIDA Members and Staff:

With respect to the above-named project, we respectfully request a one-year extension of the "financial assistance" granted to this project in June 2019 by the City of Albany Industrial Development Agency (the "Agency").

We appreciate the Agency's patience and continued support for this Project through its many iterations. We have been involved with the site since 2016 and continue to be committed to the Project and optimistic that our vision will be realized. Despite the pandemic impacts on the hotel sector, Pioneer, our franchise partner Hyatt, and our operating partner HEI, remain convinced of the viability of a hotel at this location, especially in a post covid environment. A recent CBRE report projected the Albany market would experience the fastest recovery in the country. In addition, the current economic environment will increase barriers to entry for the entire industry, as well as the Albany market, which supports our expectation that this hotel will perform consistent with projections.

When we purchased the site in 2016, it had already been accepted into the New York State Brownfield Cleanup Program. Pioneer Companies has successfully completed several brownfield remediation projects and we understood the complexity and commitment needed to properly clean up the site, which positioned us well as the Project Sponsor. During 2017, more than 25,000 cubic yards of contaminated soil were removed from the site and remediated at a cost of approximately \$6,000,000. We received a Certificate of Completion from NYS DEC in December 2017.

The Pioneer team spent most of 2018 reworking the design of the hotel as well as the adjacent mixed-use project after determining that our initial vision of a 10-story hotel with 136 rooms, two mixed-use buildings, underground parking, and plaza was not economically feasible. The current plan is approved by the City of Albany for a 132 room 8-story hotel and a 6-story single mixed-use structure with some surface parking. The Pike Company was selected as the general contractor and worked with us to value engineer the hotel to a workable budget. In early 2019, we began to back fill the site to stabilize it and prepare for vertical construction. Construction on hotel foundations began in July 2019 and the project was going vertical by November 2019. Construction of the hotel was about 30% complete at six floors.

Pioneer principals were always committed to providing significant capital for the hotel, in addition to the investment already made with respect to the brownfield remediation. To supplement that position, we commenced a private offering for the balance of the required equity. While making

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progress on this front, and with a term sheet in hand from a regional lender for the construction loan - contingent on raising the equity, construction began with funding from internal sources. In early 2020, our private offering consultant had confirmed expressions of interest from qualified investors for 90% of the equity needed. By the end of March 2020, the COVID-19 pandemic had upended the entire world, including the economy, and with that, our line-up of investors quickly hedged and almost all backed out of the project.

In late April 2020, NYS declared a moratorium on construction and the hotel work was stopped. When NYS permitted construction to restart in May 2020, Pioneer decided not to restart construction until financing could be secured. Capital markets remained closed to hospitality throughout 2020 as COVID related protocols made travel difficult and many hotels closed their doors temporarily or permanently, while others relied on forbearance agreements with their lenders and PPP loans to stay afloat. What little capital was available went to distressed hotel assets and financing for new build projects was either non-existent or came with exorbitant interest rates.

With construction and payments to subcontractors stalled, several subcontractors filed liens on the project, which in turn triggered a default on our loan with Berkshire Bank that had funded a portion of the Brownfield Remediation work. Pioneer and Berkshire Bank recently came to an extension/payment agreement and that loan is no longer in default. Several of the subcontractor liens remain, although some have been paid down, and Pioneer's intention is to pay down the remainder as soon as project financing is back on track and secured.

At the end of 2020, the market for hospitality investments had yet to restart and Pioneer made the decision to fund the remaining equity on the hotel project internally – proof that our belief in the ultimate success of the project is undeterred. In January 2021, the lender restarted their underwriting process and the general contractor communicated with subcontractors to determine schedule and budget adjustments to cover remobilization, material price increases, and labor sourcing. Due to significant material creep and labor shortages, the April 2021 revised budget had increased by more than \$2,500,000, making lender financing untenable for the current project.

We are once again working to rein in the budget through value engineering and other alternatives and are actively exploring different financing pathways. The capital markets are slowly showing signs of interest in hospitality and we are having discussions with potential financing partners daily. We continue to make substantial investments in money, time, resources, and reputation and *this project will be completed and the faith the Agency has placed in Pioneer will be realized.*

We appreciate the Agency's continued support, time, and efforts.

Best regards,



The Pioneer Companies
Melissa F. Zell, President & COO

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