

PILOT RESOLUTION

A regular meeting of the County of Oswego Industrial Development Agency was convened in public session on January 14, 2015 at 9:00 a.m., at 44 West Bridge Street, Oswego, New York.

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

PRESENT: Donald H. Kunzwiler, Carolyn A. Rush, H. Leonard Schick,
Morris Sorbello and Gary T. Toth

ABSENT: Nick Canale, Jr.

ALSO PRESENT: Kevin C. Caraccioli, David S. Dano, L. Michael Treadwell
and Daniel Ulloa

The following resolution was duly offered and seconded:

**RESOLUTION APPROVING A PAYMENT IN LIEU OF TAX
SCHEDULE AND AUTHORIZING THE EXECUTION AND
DELIVERY OF CERTAIN DOCUMENTS BY THE AGENCY IN
CONNECTION WITH A CERTAIN PROJECT UNDERTAKEN
AT THE REQUEST OF THE COMPANY**

WHEREAS, the County of Oswego Industrial Development Agency (the “*Agency*”) is authorized and empowered by Title 1 of Article 18-A of the General Municipal Law of the State of New York (the “*State*”), as amended, together with Chapter 234 of the Laws of 1973 of the State of New York, as amended from time to time (collectively, 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, including industrial pollution control facilities, railroad facilities and certain horse racing facilities, for the purpose of promoting, attracting, encouraging and developing recreation and economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State, to improve their recreation opportunities, 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, lease, and sell real property and grant financial assistance in connection with one or more “projects” (as defined in the Act); and

WHEREAS, Designer Hardwood Flooring CNY, Inc. (“DHFCI”), a New York business

corporation, (the “*Company*”), submitted an application to the Agency on or about January 7, 2015 (the “*Application*”), a copy of which is on file at the office of the Agency, requesting that the Agency consider undertaking a project (the “*Project*”) consisting of: (A) (i) the leasing of property owned by the Agency, consisting of improved real property located at 120 St. Paul Street, City of Oswego, New York, Oswego County (the “*Land*”); (ii) the renovation of approximately 18,000 square foot of space within a 61,000 square foot building located on the Land, for use of commercial space as a manufacturing facility of hardwood flooring products (the “*Facility*”); and (iii) the acquisition of and installation in the Facility of various machinery, equipment and furnishings (the “*Equipment*”) (the Land, Facility and Equipment are hereinafter collectively referred to as the “*Project Facility*”); (B) granting certain financial assistance in the form of exemptions from real property tax, and State and local sales and use taxation, and loans from the Agency’s economic development funds (collectively the “*Financial Assistance*”); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the lease, construction, renovation and equipping of the Project Facility; and (D) the lease of the Land and Facility by the Company pursuant to a lease agreement; the acquisition of an interest in the Equipment pursuant to a bill of sale from the Company; and the sublease of the Project Facility back to the Company pursuant to a sublease agreement; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law of the State of New York, as amended, and the regulations of the Department of Environmental Conservation of the State of New York promulgated thereunder (collectively referred to hereinafter as “*SEQRA*”), the Agency has examined the EAF prepared by the Company in order to classify the Project and has determined that the Project constitutes a “Type II” action as that term is defined under SEQRA, and therefore no further review is required;

WHEREAS, on January 14, 2015 the Agency adopted a Resolution (the “*Inducement Resolution*”) undertaking the Project and appointing the Company as its agent for purposes of completing the Project Facility; and

WHEREAS, in the Application, the Company also requested that the Agency consider a payment in lieu of tax (“*PILOT*”) schedule, more fully described on Exhibit “A” attached hereto, and such schedule constitutes a deviation from the Agency’s Uniform Tax Exemption Policy (“*UTEP*”) established pursuant to Section 874(4) of the Act; and

WHEREAS, by letters dated January 5, 2015, the Agency gave to the chief executive officers of the affected tax jurisdictions notice pursuant to Section 874 of the Act of this meeting (the “*Notice*”), at which the Agency would consider the Company’s request for a PILOT schedule which deviates from the UTEP; and

WHEREAS, the Agency has given due consideration to the Application and to representations by the Company that the provision of Financial Assistance: (i) will induce the Company to develop the Project Facility in the City of Oswego, (ii) will not result in the removal of a commercial, industrial or manufacturing plant or facility of the Company or any other proposed occupant of the Project Facility from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project Facility located in the State, except as may be permitted by the Act; and

(iii) undertaking the Project will create and/or preserve permanent private sector jobs in the State;

NOW, THEREFORE, be it resolved by the members of the County of Oswego Industrial Development Agency, as follows:

Section 1. It is the policy of the State to promote the economic welfare, recreation opportunities and prosperity of its inhabitants and to actively promote, attract, encourage and develop recreation and economically sound commerce and industry for the purpose of preventing unemployment and economic deterioration. It is among the purposes of the Agency to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of certain facilities, including commercial facilities, and thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the State and to improve their recreation opportunities, prosperity and standard of living.

Section 2. The Agency ratifies all prior Resolutions passed in connection with this proposed Project.

Section 3. Based upon the representations made by the Company to the Agency, and the reasons presented by the Company in support of its request for the PILOT schedule, as set forth in the **Exhibit "A"** attached hereto, the PILOT schedule hereby approved. The Chief Executive Officer of the Agency is hereby authorized to execute a PILOT Agreement reflecting the PILOT schedule in a form substantially similar to PILOT agreements used in similar transactions which is acceptable to the Chief Executive Officer.

Section 4. A copy of this Resolution shall be placed on file in the office of the Agency where the same shall be available for public inspection during business hours.

Section 5. The Chief Executive Officer of the Agency is hereby authorized and directed to distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution as well as all previously approved Resolutions.

Section 6. Counsel to the Agency and special Agency counsel are hereby authorized to work with the Company, and others to prepare, for submission to the Agency, all documents necessary to effect the grant of Financial Assistance, including, but not limited to, a PILOT Agreement.

Section 7. This Resolution shall take effect immediately.

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

	<u>Aye</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>	<u>Recuse</u>
Nick Canale, Jr.				X	
Donald H. Kunzwiler	X				
Carolyn A. Rush	X				
H. Leonard Schick	X				
Morris Sorbello	X				
Gary T. Toth	X				

The resolution was thereupon declared duly adopted.

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

I, the undersigned Secretary of the County of Oswego Industrial Development Agency, Do Hereby Certify that (i) I have compared the annexed extract of the minutes of the meeting of the County of Oswego Industrial Development Agency (the “*Agency*”) held on January 14, 2015, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of the whole of such original insofar as the same relates to the subject matters referred to therein.

I Further Certify that (i) all members of the Agency had due notice of such meeting, (ii) pursuant to Section 104 of the Public Officers Law (Open Meetings Law), such meeting was open to the general public and public notice of the time and place of such meeting was duly given in accordance with such Section 104, (iii) the meeting was in all respects duly held, and (iv) there was a quorum present throughout.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the Agency on January 14, 2015.

L. Michael Treadwell
Chief Executive Officer

(SEAL)

EXHIBIT “A”

PILOT SCHEDULE

The proposed PILOT payments will be based on the following:

1. Ten percent (10%) of the Gross Annual Lease Proceeds to be paid to the Agency from the Company.
2. PILOT Agreement terminates upon the termination of the Lease.
3. Distribution of PILOT payments will be on as pro-rata share basis.