

AMENDED AND RESTATED PROJECT AUTHORIZING RESOLUTION
(CNN Spruce, LLC Project)

A meeting of the City of Poughkeepsie Industrial Development Agency was duly convened by the Vice Chair of the Agency on Wednesday, January 16, 2019.

The following resolution was duly offered and seconded, to wit:

Resolution No. /2019-

RESOLUTION OF THE CITY OF POUGHKEEPSIE INDUSTRIAL DEVELOPMENT AGENCY (i) APPOINTING CNN SPRUCE, LLC OR AN ENTITY FORMED OR TO BE FORMED ON BEHALF OF THE FOREGOING (THE "COMPANY") AS ITS AGENT TO UNDERTAKE A CERTAIN PROJECT (AS MORE FULLY DESCRIBED BELOW); (ii) AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGENT AND FINANCIAL ASSISTANCE AND PROJECT AGREEMENT, LEASE AGREEMENT, LEASEBACK AGREEMENT, PILOT AGREEMENT AND PILOT AGREEMENT MORTGAGE AND RELATED DOCUMENTS WITH THE COMPANY WITH RESPECT TO THE PROJECT; (iii) AUTHORIZING FINANCIAL ASSISTANCE (THE "FINANCIAL ASSISTANCE") TO THE COMPANY IN THE FORM OF (1) A SALES AND USE TAX EXEMPTION FOR PURCHASES AND RENTALS RELATED TO THE PROJECT, (2) AN EXEMPTION FROM MORTGAGE RECORDING TAXES TO THE EXTENT PERMITTED BY NEW YORK STATE LAW, AND (3) A PARTIAL REAL PROPERTY TAX ABATEMENT STRUCTURED UNDER A "PILOT" AGREEMENT; AND (iv) AUTHORIZING THE EXECUTION OF A MORTGAGE AND RELATED DOCUMENTS

WHEREAS, by Title I of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 304 of the Laws of 1974 of the State of New York, as the same may be amended from time to time (collectively, the "Act"), the **CITY OF POUGHKEEPSIE INDUSTRIAL DEVELOPMENT AGENCY** (the "Agency"), was created with the authority and power among other things, to assist with the acquisition of certain industrial development projects as authorized by the Act; and

WHEREAS, CNN SPRUCE, LLC, or an entity formed or to be formed on behalf of the foregoing (the "Company"), previously submitted an application, as subsequently revised, amended and/or supplemented (collectively, the "Application") to the Agency requesting the Agency's assistance with a certain project (the "Project") for the benefit of the Company consisting of: (i) the Agency taking title, possession or control (by deed, lease, license or otherwise) of certain land commonly known as 112 Delafield Street, 110 Delafield Street, 54 Spruce Street, 52 Spruce Street, 48 Spruce Street and 46 Spruce Street, City of Poughkeepsie, Dutchess County, New York, being more particularly identified as tax map parcel number 6062-52-887505, 6062-60-900496, 6062-60-899489, 6062-60-895491, 6062-60-891491, and 6062-60-889491 (collectively, the "Land") and any existing improvements located thereon, but excluding

therefrom the existing office building located at 112 Delafield Street (the "Existing Improvements"); (ii) the construction on the Land of (a) an approximately 22,400 square-foot three-story mixed-use building of which (x) approximately 22,000 square feet will be comprised of approximately eighteen (18) units consisting of nine (9) one-bedroom units and nine (9) two-bedroom units (the "Multifamily Improvements"), and (y) approximately 200 square feet will be comprised of a commercial bakery and a bakery café with some seating for bakery patrons (the "Bakery Improvements" and together with the Multifamily Improvements, collectively, the "Mixed-Use Building Improvements"), (b) an approximately 12,900 square-foot three-story office building (the "Office Building Improvements"), and (c) a walkway connecting the Multifamily Improvements and the Office Building Improvements (the "Walkway Improvements"; and, together with the Mixed-Use Building Improvements and the Office Building Improvements, collectively, the "Improvements"), all as more fully detailed in the Company's Application on file with the Agency; and (iii) the acquisition and installation by the Company in and around the Land, the Existing Improvements and the Improvements of items of equipment, machinery and other tangible personal property (the "Equipment"; and, together with the Land, the Existing Improvements and the Improvements, the "Facility"); and

WHEREAS, pursuant to a resolution adopted by the Agency on September 12, 2018 (the "Initial Resolution") the Agency (i) accepted the Application of the Company, and (ii) described the forms of Financial Assistance (as heretofore defined) initially being contemplated for the benefit of the Company by the Agency; and

WHEREAS, pursuant to Section 859-a of the Act, on January 16, 2019, at 6:30 p.m., local time, at Common Council Chambers, Poughkeepsie City Hall, 62 Civic Center Plaza, 3rd Floor, Poughkeepsie, New York 12601, the Agency held a public hearing with respect to the Project and the proposed Financial Assistance being contemplated by the Agency (the "Public Hearing") whereat interested parties were provided a reasonable opportunity, both orally and in writing, to present their views. (A copy of the Notice of Public Hearing duly published and forwarded to the affected taxing jurisdictions at least ten (10) days prior to said Public Hearing is attached hereto as Exhibit A); and

WHEREAS, pursuant to the New York State Environmental Quality Review Act, Article 8 of the Environmental Conservation Law and the regulations adopted pursuant thereto at 6 N.Y.C.R.R. Part 617, as amended (collectively referred to as "SEQRA"), the Agency must satisfy the applicable requirements set forth in SEQRA, as necessary, prior to making a final determination whether to undertake the Project; and

WHEREAS, the Company made application to the City of Poughkeepsie Planning Board (the "Planning Board") for site plan approval in connection with the Project; and

WHEREAS, pursuant to SEQRA, the Planning Board declared itself Lead Agency in connection with all processing procedures, determinations and findings, to be made or conducted with respect to the site plan submitted by the Company; and

WHEREAS, by resolution duly adopted on January 18, 2018 and amended November 27, 2018, the Planning Board determined that this action constitutes an Unlisted Action under 6

NYCRR Part 617 of the SEQRA regulations, which will not have a significant effect on the environment and therefore does not require the preparation of an Environmental Impact Statement; and

WHEREAS, the Agent and Financial Assistance and Project Agreement, Lease Agreement, Leaseback Agreement, Payment in-lieu-of Tax Agreement (the "PILOT" Agreement), PILOT Agreement Mortgage, each dated as of February 1, 2019 (or such other date acceptable to Chair, Vice Chair, the Executive Director of the Agency or other authorized representative of the Agency) and related documents (collectively, the "Agency Documents") shall be negotiated and the Agency desires to authorize the undertaking of the Project; and

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

Section 1. The Planning Board conducted a review of the Project pursuant to SEQRA. In addition to classifying the Project as an Unlisted Action pursuant to SEQRA, the Planning Board by resolution duly adopted on January 18, 2018 and amended November 27, 2018, determined that the Project did not present a potential significant adverse environmental impact. The Agency, having reviewed the materials presented by the Company, including, but not limited to, a Full Environmental Assessment Form, further determines that the Project does not pose a potential significant adverse environmental impact and thus ratifies the Negative Declaration previously issued by the Planning Board pursuant to 6 N.Y.C.R.R. § 617.7.

Section 2. Based upon representations and warranties made by the Company in the Application (and subject to the terms and conditions of this Section 2), the Agency hereby authorizes and approves the Company, as its agent, to make purchases and/or rentals of goods and services relating to the Project, that would otherwise be subject to New York State and local sales and use tax in an amount up to **\$4,700,148**, which result in New York State and local sales and use tax exemption benefits ("Sales and Use Tax Exemption Benefits") not to exceed **\$381,887.00**. The Agency agrees to consider any requests by the Company for increase to the amount of Sales and Use Tax Exemption Benefits authorized by the Agency upon being provided with appropriate documentation detailing the additional purchases of property or services.

Section 3. Pursuant to Section 875(3) of the New York General Municipal Law, the Agency may recover or recapture from the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases or rentals for the benefit of the Project, any Sales and Use Tax Exemption Benefits taken or purported to be taken by the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project, if it is determined that: (i) the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases or rentals for the benefit of the Project, is not entitled to the Sales and Use Tax Exemption Benefits; (ii) the Sales and Use Tax Exemption Benefits are in excess of the amounts authorized to be taken by the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project; (iii) the Sales and Use Tax Exemption Benefits are for property or services not authorized by the Agency as part of the Project; or (iv) the Sales and Use Tax Exemption

Benefits are taken in cases where the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases for the benefit of the Project, fails to comply with a material term or condition to use property or services in the manner approved by the Agency in connection with the Project.

As a condition precedent to receiving Sales and Use Tax Exemption Benefits, the Company, its agents, consultants, subcontractors, or any other party authorized to make purchases and/or rentals for the benefit of the Project, shall (i) cooperate with the Agency in its efforts to recover or recapture any sales and use tax exemption benefits, and (ii) promptly pay over any such amounts to the Agency that the Agency demands.

Section 4. Based upon representations and warranties made by the Company in the Application, the Agency hereby authorizes the grant of Financial Assistance in the form of exemptions from mortgage recording taxes to the extent permitted by applicable law in connection with the acquisition, financing, construction financing and/or permanent financing, or any subsequent refinancing, of the costs of the acquisition, renovation, construction, reconstruction, refurbishing and equipping of the Facility.

Section 5. Subject to the Company executing the Agency Documents and the delivery to the Agency of a binder, certificate or other evidence of a liability insurance policy for the Facility satisfactory to the Agency, the Agency hereby authorizes the Company to proceed with the undertaking of the Project and hereby appoints the Company as the true and lawful agent of the Agency, pursuant to the provisions of the Agency Documents: (i) to construct, reconstruct, renovate, refurbish and equip the Facility; (ii) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions as the stated agent for the Agency with the authority to delegate such agency, in whole or in part, to agents, subagents, contractors, and subcontractors of such agents and subagents and to such other parties as the Company chooses; and (iii) in general, to do all things which may be requisite or proper for completing the Project, all with the same powers and the same validity that the Agency could do if acting in its own behalf; provided, however, the Company's status as agent of the Agency and related sales tax exemption letter shall expire on March 31, 2020 (unless extended for good cause by the Chair, Vice Chair Executive Director or other authorized representative of the Agency).

Section 6. (a) The Chair, Vice Chair or the Executive Director of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Agency Documents (consistent with the schedule of PILOT payments and corresponding real property tax abatements presented to and hereby approved by the Agency and attached to and made a part of these Resolutions as Exhibit B), in the forms acceptable to the Chair, Vice Chair or Executive Director of the Agency. The execution of the Agency Documents by the Agency shall constitute conclusive evidence of such approval.

(b) The Chair, Vice Chair or the Executive Director is further hereby authorized, on behalf of the Agency, to designate any additional authorized representatives of the Agency.

Section 7. The Chair, Vice Chair and the Executive Director of the Agency are hereby further authorized, on behalf of the Agency, to execute, deliver and record any mortgage, assignment of leases and rents, security agreement, UCC-1 Financing Statements and all documents reasonably contemplated by these resolutions or required by any lender identified by the Company (the "Lender") up to a maximum principal amount necessary to undertake the Project and/or finance or re-finance acquisition and Project costs, equipment and other personal property and related transactional costs (the "Lender Documents"; and, together with the Agency Documents, the "Project Documents") and, where appropriate, the Secretary of the Agency is hereby authorized to affix the seal of the Agency to the Project Documents and to attest the same, all with such changes, variations, omissions and insertions as the Chair, Vice Chair or the Executive Director of the Agency shall approve, the execution thereof by the Chair, Vice Chair or the Executive Director of the Agency to constitute conclusive evidence of such approval; provided, in all events, recourse against the Agency is limited to the Agency's interest in the Facility.

Section 8. 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 and to execute and deliver all such 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 resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 9. Due to the complex nature of this transaction, the Agency hereby authorizes its Chair, Vice Chair or Executive Director to approve, execute and deliver such further agreements, documents and certificates as the Agency may be advised by counsel to the Agency to be necessary or desirable to effectuate the foregoing, such approval to be conclusively evidenced by the execution of any such agreements, documents or certificates by the Chair, Vice Chair or the Executive Director of the Agency.

Section 10. These Resolutions amend, restate and replace in its entirety the authorizing resolutions adopted by the Agency with respect to the Project at its special meeting on September 28, 2018.

Section 11. These Resolutions shall take effect immediately.

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STATE OF NEW YORK

COUNTY OF DUTCHESS

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SECRETARY

I, the undersigned, ~~VICE CHAIR~~ of the City of Poughkeepsie Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of minutes of the special meeting of the City of Poughkeepsie Industrial Development Agency (the "Agency"), including the resolutions contained therein, held on January 16, 2019, 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 such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

I FURTHER CERTIFY that public notice of the time and place of said meeting was duly given to the public and the news media in accordance with the New York Open Meetings Law, constituting Chapter 511 of the Laws of 1976 of the State of New York, that all members of said Agency had due notice of said meeting and that the meeting was in all respects duly held.

I FURTHER CERTIFY, that there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY, that as of the date hereof, the attached resolutions are in full force and effect and have not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Agency this 16th day of January, 2019.

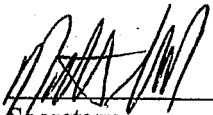

Secretary

EXHIBIT A

Notice Documents with respect to Public Hearing held on January 16, 2019

Attached hereto

**City of Poughkeepsie Industrial Development Agency
Municipal Building
62 Civic Center Plaza
Poughkeepsie, New York 12601**

NOTICE LETTER

December 28, 2018

VIA CERTIFIED MAIL

To: Chief Executive Officers of
Affected Tax Jurisdictions Listed on Schedule A

Re: City of Poughkeepsie Industrial Development Agency:
CNN Spruce, LLC Project – Public Hearing

Ladies and Gentlemen:

On Wednesday, January 16, 2019, at 6:30 p.m., local time, at Common Council Chambers, Poughkeepsie City Hall, 62 Civic Center Plaza, 3rd Floor, Poughkeepsie, New York 12601, the City of Poughkeepsie Industrial Development Agency (the "Agency") will conduct a public hearing regarding the above-referenced project. Attached is a copy of the Notice of Public Hearing describing the project and the financial assistance being contemplated by the Agency. The Notice has been submitted to *The Poughkeepsie Journal* for publication.

You are welcome to attend such public hearing at which time you will have an opportunity to review the project Application and present your views, both orally and in writing, with respect to the project. We are providing this notice of public hearing to you, pursuant to General Municipal Law Section 859-(a), as the chief executive officer of an affected tax jurisdiction within which the project is located.

Very truly yours,

**CITY OF POUGHKEEPSIE INDUSTRIAL
DEVELOPMENT AGENCY**

Schedule A
Chief Executive Officers of
Affected Tax Jurisdictions

Certified Mail

No. 91 7199 9991 7039 2317 1573

The Honorable Marcus J. Molinaro
Dutchess County Executive
22 Market Street
Poughkeepsie, New York 12601

Certified Mail

No. 91 7199 9991 7039 2317 1566

The Honorable A. Gregg Pulver
Chair of the Dutchess County Legislature
22 Market Street
Poughkeepsie, New York 12601

Certified Mail

No. 91 7199 9991 7039 2317 1559

The Honorable Rob Rolison
Mayor of the City of Poughkeepsie
62 Civic Center Plaza
Poughkeepsie, New York 12601

Certified Mail

No. 91 7199 9991 7039 2317 1542

Mr. Marc Nelson
Poughkeepsie City Administrator
City Hall - 3rd Floor
62 Civic Center Plaza
Poughkeepsie, New York 12601

Certified Mail

No. 91 7199 991 7039 2303 5752

Dr. Felicia Watson
Board of Education President
Poughkeepsie City School District
Jane Bolin Administration Building
11 College Avenue
Poughkeepsie, New York 12603

Certified Mail

No. 91 7199 9991 7039 2303 5745

Dr. Kathleen Farrell
Interim Superintendent of Schools
Poughkeepsie City School District
Jane Bolin Administration Building
11 College Avenue
Poughkeepsie, New York 12603

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Title 1 of Article 18-A of the New York State General Municipal Law (the "Act"), will be held by the City of Poughkeepsie Industrial Development Agency (the "Agency") on Wednesday, January 16, 2019, at 6:30 p.m., local time, at Common Council Chambers, Poughkeepsie City Hall, 62 Civic Center Plaza, 3rd Floor, Poughkeepsie, New York 12601, in connection with the following matters:

CNN SPRUCE, LLC, a New York limited liability company or an entity formed or to be formed by or on behalf of the foregoing (the "Company"), has applied to the Agency to enter into a transaction (the "Project") consisting of: (i) the Agency taking title, possession or control (by deed, lease, license or otherwise) of certain land commonly known as 112 Delafield Street, 110 Delafield Street, 54 Spruce Street, 52 Spruce Street, 48 Spruce Street and 46 Spruce Street, City of Poughkeepsie, Dutchess County, New York, being more particularly identified as tax map parcel number 6062-52-887505, 6062-60-900496, 6062-60-899489, 6062-60-895491, 6062-60-891491, and 6062-60-889491 (collectively, the "Land") and any existing improvements located thereon, but excluding therefrom the existing office building located at 112 Delafield Street (the "Existing Improvements"); (ii) the construction on the Land of (a) an approximately 22,400 square-foot three-story mixed-use building of which (x) approximately 22,000 square feet will be comprised of approximately eighteen (18) units consisting of nine (9) one-bedroom units and nine (9) two-bedroom units (the "Multifamily Improvements"), and (y) approximately 200 square feet will be comprised of a commercial bakery and a bakery café with some seating for bakery patrons (the "Bakery Improvements" and together with the Multifamily Improvements, collectively, the "Mixed-Use Building Improvements"), (b) an approximately 12,900 square-foot three-story office building (the "Office Building Improvements"), and (c) a walkway connecting the Multifamily Improvements and the Office Building Improvements (the "Walkway Improvements"; and, together with the Mixed-Use Building Improvements and the Office Building Improvements, collectively, the "Improvements"), all as more fully detailed in the Company's Application on file with the Agency); and (iii) the acquisition and installation by the Company in and around the Land, the Existing Improvements and the Improvements of items of equipment, machinery and other tangible personal property (the "Equipment"; and, together with the Land, the Existing Improvements and the Improvements, the "Facility").

The Agency will acquire a fee or leasehold interest in the Facility, and will lease or sublease the Facility and the furnishings, fixtures and equipment located therein to the Company. The Agency contemplates that it will provide financial assistance to the Company in the form of (i) exemptions from sales and use taxes otherwise payable upon the purchase or lease of materials, furnishings, fixtures and equipment, and other taxable personal property; (ii) exemptions from mortgage recording taxes to the extent permitted by applicable law in connection with the acquisition, financing, construction financing and/or permanent financing, or any subsequent refinancing, of the costs of the acquisition, renovation, construction, reconstruction, refurbishing and equipping of the Facility, and (iii) an abatement of real property

taxes in such amount as the Agency may determine in order to accomplish the purposes of the Project (collectively, the "Financial Assistance").

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. At the hearing, all persons will have the opportunity to review the application for Financial Assistance filed by the Company with the Agency and an analysis of the costs and benefits of the proposed Facility.

Dated: December 28, 2018

CITY OF POUGHKEEPSIE INDUSTRIAL
DEVELOPMENT AGENCY

By: Melanie Vetter
Title: Vice Chair

EXHIBIT B

PILOT Schedule

<u>PILOT Year</u>	<u>PILOT Payment</u>
0	Full taxes
1	\$17,038.00
2	\$21,724.00
3	\$26,590.00
4	\$31,642.00
5	\$36,886.00
6	\$42,326.00
7	\$47,970.00
8	\$53,822.00
9	\$59,890.00
10	<u>\$66,178.00</u>
TOTAL	\$404,067.00