

**PILOT DEVIATION APPROVAL RESOLUTION
KEUKA GARDENS ASSOCIATES LLC PROJECT**

A special meeting of Yates County Industrial Development Agency (the "Agency") was convened in public session in the offices of the Agency located at One Keuka Business Park, Suite 104, in Penn Yan, Yates County, New York on July 25, 2018 at 8:00 o'clock a.m., local time.

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

PRESENT:

Gene Pierce	Chairman
Jerry Hiller	Vice Chair
James Willson	Treasurer
Mary Zelazny	Secretary
Rita Gow	Assistant Secretary/Treasurer
Bill Holgate	Member
Dr. Kim Williams	Member

ABSENT:

AGENCY STAFF PRESENT INCLUDED THE FOLLOWING:

Steve Griffin	Chief Executive Officer
Doreen Jensen	Chief Financial Officer
Mike Lipari	Economic Development Specialist

The following resolution was offered by Dr. Kim Williams, seconded by Rita Gow, to wit:

Resolution No. 0718-

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 PROJECT FOR KEUKA GARDENS ASSOCIATES LLC.

WHEREAS, Yates County 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 113 of the 1975 Laws of New York, as amended, constituting Section 893-b 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 commercial, manufacturing 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 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 October, 2016, Keuka Gardens Associates LLC, a New York 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, 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 a 2.5 acre parcel of land located at 199 Brown Street Extension (Tax Map # 61.35-1-17) in the Town of Milo, Village of Penn Yan, Yates County, New York (the “Land”), (2) the construction of a new facility to contain approximately 42 unit mixed income apartments (the “Facility”), and (3) the acquisition and installation therein and thereon of certain machinery and equipment (the “Equipment”) (the Land, the Facility and the Equipment hereinafter collectively referred to as the “Project Facility”), all of the foregoing to be owned and operated by the Company and to constitute a commercial residential facility to be leased to various residential tenants and 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 property 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 October 26, 2016 (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 November 7, 2016 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 November 7, 2016 on public bulletin boards located at (1) the Yates County Courthouse located at 415 Liberty Street in the Village of Penn Yan, Yates County, New York, (2) the Town of Milo Offices located at 137 Main Street in the Town of Milo, Yates County, New York and (3) 111 Elm Street in the Town of Milo, Village of Penn Yan, Yates County, New York, (C) caused notice of the Public Hearing to be published on November 9, 2016 in The Chronicle-Express, a newspaper of general circulation available to the residents of Town of Milo, Village of Penn Yan, Yates County, New York, (D) conducted the Public Hearing on November 30, 2016 at 7:00 a.m., local time at the Village of Penn Yan Board Room located at 111 Elm Street in the Town of Milo, Village of Penn Yan, Yates County, New York, and (E) prepared a report of the Public Hearing (the “Public Hearing Report”) fairly summarizing the views presented at such Public Hearing and caused copies of said Public 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 March

15, 2017 (the "SEQR Resolution"), the Agency (A) concurred in the determination that the Village of Penn Yan 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 dated January 12, 2017 (the "Negative Declaration"), in which the Planning Board determined that the Project to be an Unlisted Action and will not have a "significant environmental impact on the environment" and accordingly, that an environmental impact statement is not required to be prepared with respect to the Project (as such quoted terms are defined in SEQRA); 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 June 25, 2018 (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 County 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 June 25, 2018, 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 YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY, AS FOLLOWS:

Section 1. 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 Chairman (or Vice Chairman) of the Agency, the Chairman (or Vice Chairman) 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 Chairman (or Vice Chairman), the execution thereof by the Chairman (or Vice Chairman) 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:

Gene Pierce	VOTING	Yes
Jerry Hiller	VOTING	Yes
James Willson	VOTING	Yes
Mary Zelazny	VOTING	Yes
Rita Gow	VOTING	Yes
Bill Holgate	VOTING	Yes
Dr. Kim Williams	VOTING	Yes

The foregoing Resolution was thereupon declared duly adopted.

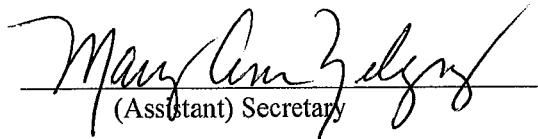
STATE OF NEW YORK)
) SS.:
COUNTY OF YATES)

I, the undersigned (Assistant) Secretary of Yates County 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 July 25, 2018 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"), 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 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 25th day of July, 2018.



(Assistant) Secretary

(SEAL)

EXHIBIT A
PILOT DEVIATION LETTER

- SEE ATTACHED -

YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY
One Keuka Business Park
Penn Yan, New York
TEL: (315) 536-7328
FAX: (315) 536-2389

June 25, 2018

Douglas Paddock, Chairman
Yates County Legislature
County Building
417 Liberty Street
Penn Yan, New York 14527

Howard Dennis, Superintendent
Penn Yan Central School District
1 School Drive
Penn Yan, New York 14527

Leslie Church, Supervisor
Town of Milo
137 Main Street
Penn Yan, New York 14527

Jeff Morehouse, Board President
Penn Yan Central School District
1 School Drive
Penn Yan, New York 14527

Leigh MacKerchar, Mayor
Village of Penn Yan
111 Elm Street, PO Box 426
Penn Yan, New York 14527

RE: Yates County Industrial Development Agency
Proposed Keuka Gardens Associates, LLC Project

Dear Gentlemen:

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

Keuka Gardens Associates, LLC (the "Company") presented an application to the Agency, 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) (1) the acquisition of an interest in a 2.5 acre parcel of land located at 199 Brown Street Extension (Tax Map # 61.35-1-17) in the Town of Milo, Village of Penn Yan, Yates County, New York (the "Land"), (2) the construction of a new facility to contain approximately 42 unit low income apartments (the "Facility"), and (3) the acquisition and installation therein and thereon of certain machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment hereinafter collectively referred to as the "Project Facility"), all of the foregoing to be owned and operated by the Company or its affiliate and to constitute a residential facility and 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 property 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.

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 Leslie Church, Supervisor
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In connection with the Project, the Company has requested that the Agency enter into a payment in lieu of tax agreement (the "Proposed PILOT Agreement"), the proposed terms of which would deviate from the Agency's Uniform Tax Exemption Policy (the "Policy"). The Proposed PILOT Agreement would not provide any abatements for any special assessments levied on the Project Facility.

The Proposed PILOT Agreement would provide a real property tax abatement to the Project Facility and require the Company to make payments in lieu of taxes with respect to the Project Facility in accordance with the following formula: the Project Facility is expected to contain 42 low income residential units, the Company will be required to pay a fixed payment in lieu of tax equal to \$300/unit, with a 2% escalation each year during the term of the Proposed PILOT Agreement. The amount of the estimated payments are described as follows:

Year	Amount of PILOT Payment
1	\$12,600
2	\$12,852
3	\$13,109
4	\$13,371
5	\$13,639
6	\$13,911
7	\$14,190
8	\$14,473
9	\$14,763
10	\$15,058
11	\$15,359
12	\$15,667
13	\$15,980
14	\$16,299
15	\$16,625
16	\$16,958
17	\$17,297
18	\$17,643
19	\$17,996
20	\$18,356

After Year 20, the Proposed PILOT Agreement will terminate and the Company will be obligated to pay all real property taxes.

The payments in lieu of taxes described above will be allocated among Yates County, the Town of Milo, the Village of Penn Yan and the Penn Yan Central School District pro rata, based on their respective tax rates. The Company will begin making the payments in lieu of taxes following the completion of the acquisition, construction and installation of the Project Facility.

The terms of the Proposed PILOT Agreement deviate from the Agency's Policy. Under the Agency's Policy, commercial projects receive a standard 10 year payment in lieu of tax agreement. The standard 10 year payment in lieu of tax agreement under the Agency's Policy provides for an exemption

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that starts at 100% and then reduces such exemption by 10%/year over the 10 year period. The abatement is applicable only to the increase in assessed value in the Project Facility relating to the undertaking of the Project.

The purpose of this letter is to inform you of such deviation and that the Agency is considering the terms of the Proposed PILOT Agreement. The Agency expects to consider whether to approve the terms of the Proposed PILOT Agreement at its meeting scheduled for July 25, 2018 at 8:00 o'clock, a.m., local time at the offices of the Agency located at One Keuka Business Park, Suite 104, Penn Yan, Yates County, New York (the "Meeting"). This letter is forwarded to you for purposes of complying with the provisions of the Agency's Policy which requires the provision of at least thirty (30) days' written notice prior to the Agency taking final action with respect to the Proposed PILOT Agreement. During the Meeting, the Agency will review the terms of the Proposed PILOT Agreement and, based on the discussions during such meeting, the terms of the Proposed PILOT Agreement may be modified.

The Agency is considering the following factors, enumerated under the Policy, in considering the proposed deviation:

1. The nature of the Project:

The Project involves the construction of a facility to contain approximately 42 low income residential units in the Village of Penn Yan. The tenants are expected to be residents with incomes ranging from 50-70% of the Area Median income.

2. The nature of the property before the Project begins:

The property is currently under-developed.

3. The economic condition of the area at the time of the application and the economic multiplying effect that the Project will have on the area:

The area is in need of good, high quality, affordable housing. The Project will create approximately 150 construction and two permanent full-time equivalent jobs and provide good quality housing to individuals seeking to reside and work in the area, thus generating revenue for the village, the town and county. In addition, ARC of Yates is partnering with the Company in undertaking the Project and the Company will set aside approximately eleven (11) one-bedroom apartments for individuals with developmental disabilities. These individuals will receive support services from ARC of Yates. Further, the Company will provide a community room, computer lab, fitness center, raised garden beds, outside community space and laundry facilities on-site.

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 two full-time equivalent private sector jobs at the Project Facility and approximately 150 construction jobs over the course of its

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development. The salary ranges of the jobs is contained in the Application filed by the Company with the Agency.

5. The estimated value of tax exemptions to be provided:

The estimated value of the tax exemptions to be provided by the Agency in connection with the undertaking of the Project is described as follows:

Mortgage Recording Tax: \$5,000
Sales Tax: \$246,379
Real Property Tax: \$240,616

6. The economic impact of the Project and the proposed tax exemptions on affected tax jurisdictions:

The economic impact of the Project Pilot Agreement is positive as development of the Project Facility is expected to spur additional development in the Village and increase the local population. The residents of the Project Facility are anticipated to patronize local businesses. The exemptions provided under the Proposed PILOT Agreement are critical to the Company and will permit the Company to develop the Project Facility in the Village of Penn Yan.

7. The impact of the Project on existing and proposed businesses and economic development projects in the vicinity:

The impact of the Project is a positive one on the community, as it will attract residents who will be users of local businesses' goods and services and will thereby assist local private businesses. The Project Facility is located within walking distance of the local retail businesses located in the Village. The Company will employ W/MBEs as required by its funding sources and will use its commercially reasonable best efforts to attempt to employ local workers and make construction purchases locally.

8. The amount of private sector investment generated or likely to be generated by the Project:

The investment by the Company will be approximately \$9,815,632. Further, the Company will be required to use its commercially reasonable best efforts to attempt to make local purchases in the amount of approximately \$1,963,126 in connection with the undertaking of the Project.

9. The effect of the Project on the environment:

The Company has complied with the provisions of the State Environmental Quality Review Act ("SEQR") in connection with the obtaining of local approvals for undertaking the Project. The SEQR review was handled by the Village of Penn Yan.

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The Project Facility will be constructed to achieve green energy standards at the LEED Silver level.

10. The likelihood of accomplishing the Project in a timely fashion:

It is anticipated that the Project will be accomplished in a timely fashion.

11. The extent to which the Project 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 tremendous burden upon the educational facilities for any school district within Yates 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 Village of Penn Yan. All necessary emergency medical and police services are available in the Village of Penn Yan. Further, the Company will provide on-site management and 24/7 emergency maintenance services.

12. The extent to which the Project will provide additional sources of revenue for municipalities and school districts in which the Project is located:

The undertaking and completion of the Project will provide an additional source of revenue through increased sales tax revenue and tax collections through the construction jobs and permanent jobs created by the Project.

13. The extent to which the Project will provide a benefit (economic or otherwise) not otherwise available within the municipality in which the Project is located:

The benefit is a positive one economically, in that the Project will create permanent jobs in the area and provide affordable housing in Yates County for low income individuals and individuals with developmental disabilities.

The Agency will consider the Project and the Proposed PILOT Agreement (and the proposed deviation from its Policy) at the Meeting. The Agency will 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.

Very truly yours,

YATES COUNTY INDUSTRIAL

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DEVELOPMENT AGENCY

By: s/ Steve Griffin
Chief Executive Officer