APPROVING RESOLUTION

A meeting of Jefferson County Industrial Development Agency (the "Agency") was convened in public session at the offices of the Agency at 800 Starbuck Avenue, in the City of Watertown, Jefferson County, New York on June 7, 2012, at 9:00 a.m., local time.

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

PRESENT:	David Converse	Michelle Pfaff
	Kent Burto	Urban Hirschey
	Michael Docteur	W. Edward Walldroff

EXCUSED: John Doldo Jr.

ALSO PRESENT: Donald Alexander, David Zembiec, Joy Nuffer, Lyle Eaton, Mary Anne Hanley, Joseph Russell, Michelle Capone, Rhonda McNeely, Kelly Spinner, and Ted Booker of the Watertown Daily Times

The following resolution was offered by Ms. Pfaff, seconded by Mr. Burto, to wit;

Resolution No.: 06.07.2012.03

RESOLUTION AUTHORIZING OFFICIAL ACTION IN CONNECTION WITH A LEASE/LEASEBACK TRANSACTION FOR A COMMERCIAL PROJECT FOR MORGAN WATERTOWN TOWNHOMES LLC (THE "COMPANY").

WHEREAS, Jefferson County Industrial Development Agency (the "Agency') is authorized and empowered by the provisions of Chapter 1030 of Laws of 1969 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 77 of the 1974 Laws of New York, as amended, constituting Section 902 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, renovating, improving, maintaining, equipping and furnishing of commercial 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, pursuant to an application, including a cost benefits analysis (the "Application"), submitted to the Agency by Morgan Watertown Townhomes LLC (the "Company"), wherein the Agency has been requested to consider undertaking a project (the "Project"), consisting of the following:

(A) (1) The acquisition of an interest in a certain parcel of land consisting of approximately 57.09 acres located on the west side of County Route 202, in the Town of Watertown, Jefferson County, New York (the "Land") and,

(2) The construction on the Land of 394 multi-family rental housing units together with related buildings (the land, the rental housing units and the related buildings being collectively referred to as the "Project Facility");

(B) The granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including exemption from certain sales taxes, mortgage recording taxes and real property taxes (collectively, the "Financial Assistance"); and

(C) The lease 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, the Chief Executive Officer of the Agency has (A) caused notice of a public hearing of the Agency to hear all persons interested in the Project and the financial assistance being contemplated by the Agency with respect to the Project (the "Public Hearing") to be mailed on May 4, 2012 to the chief executive officer of the county and of each town and school district in which the Project is to be located, (B) caused notice of the Public Hearing to be published on May 7 , 2012 in the Watertown Daily Times, a newspaper of general circulation available to residents of the County of Jefferson, (C) conducted the Public Hearing on May 25, 2012 at 10:00 o'clock a.m., local time at the Town of Watertown Town Office, located at 22867 County Route 67 in the Town of Watertown, Jefferson County, New York, (D) prepared a report of the Public Hearing which fairly summarized the views presented at said Public Hearing and distributed same 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"), the Planning Board of the Town of Watertown adopted a resolution on September 8, 2011, (the "Town Planning Board SEQR Resolution") in which the Town Planning Board determined: (A) that the Project constitutes a "Type 1 Action"; (B) therefore that the coordinated review procedures outlined in the Regulations are required; (C) that the

Project may have an environmental impact pursuant to SEQRA and, therefore that an environmental impact statement needs to be prepared with respect to the Project, and after it was determined the Project would not have a significant impact on the environment, a negative declaration was declared; and (D) a negative declaration would be prepared with respect to the Project; and

WHEREAS, in order to consummate the Project and the granting of the Financial Assistance described in the notice of the Public Hearing, the Agency proposes to enter into the following documents with the Company (hereinafter collectively referred to as the "Agency Documents"):

(A) a lease to the Agency (and a memorandum thereof) (the "Underlying Lease") by and between the Company, as landlord, and the Agency, as tenant pursuant to which the Company will lease to the Agency the Project Facility;

(B) a lease agreement (and a memorandum thereof) (the "Lease Agreement") by and between the Agency and the Company, pursuant to which, among other things, the Company agrees to undertake the Project as agent of the Agency and the Company further agrees to lease the Project Facility from the Agency and to pay all legal fees and expenses incurred by the Agency with respect to the Project;

(C) a payment in lieu of tax agreement (the "Payment in Lieu of Tax Agreement" or the "PILOT") by and between the Agency and the Company, pursuant to which the Company will agree to make certain payments in lieu of taxes with respect to the Project Facility; and

(D) mortgages to be given by the Agency and the Company to several Lenders in amounts approved by the Company upon terms and conditions as is satisfactory to the Agency's Chief Executive Officer and approved by its counsel (the "Mortgage"); and

(E) various certificates relating to the Project (the "Closing Documents"); and

WHEREAS, the Agency has given due consideration to the Application and to the representations by the Company that the granting by the Agency of the Financial Assistance with respect to the Project will be in an inducement to the Company to undertake the Project in Jefferson County, New York; and

WHEREAS, the Company, the Agency, and the respective taxing jurisdictions have all agreed on a certain Payment in Lieu of Taxes Agreement and distribution schedule to the taxing jurisdictions of such payments in lieu of taxes in substantially the form and affect and appears at Exhibit "A" to this Resolution.,

WHEREAS, although the final terms of the complete financial assistance to be provided to the Company by the Agency and certain other public agencies has not yet been formally presented or approved, the Agency has determined that it is appropriate to grant preliminary approval of the Project and the Financial Assistance to be provided to the Company by the Agency.

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

Section 1 The Agency hereby finds and determines that:

(A) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(B) The Project constitutes a "project", as such term is defined in the Act; and

(C) The acquisition of the Project Facility and the lease of the Project Facility to the Company will promote and maintain the job opportunities, general prosperity and economic welfare of the citizens of Jefferson County, New York and the State of New York and improve their standard of living; and

(D) It is desirable and in the public interest for the Agency grant to the Company the relief provided by the Payment In Lieu of Taxes Agreement, and to enter into the Agency Documents upon the satisfaction of all conditions thereto.

Section 2 In consequence of the foregoing, the Agency hereby determines that the granting of the Financial Assistance by the Agency with respect to the Project, through the granting of various tax exemptions described herein, and set forth on the exhibits attached hereto, will promote the job opportunities, health, general prosperity and economic welfare of the inhabitants of Jefferson County, New York and the State of New York, and improve their standard of living, and thereby serve the public purposes of the Act.

Section 3 In consequence of the foregoing, and subject to the satisfactions of any conditions as imposed herein or as may be required by the Act, the Agency hereby determines to

(A) proceed with the Project;

(B) acquire the Project Facility;

(C) accept an Underlying Lease of the Project on terms to be determined by the Agency;

(D) lease the Project Facility to the Company pursuant to a Lease Agreement;

(E) enter into the Payment in Lieu of Tax Agreement in the form and substance as attached hereto; and

(F) execute and deliver the other Agency Documents including the mortgage upon terms and conditions satisfactory to the Chief Executive Officer; and

(G) execute and deliver the Closing Documents upon terms and conditions satisfactory to the Chief Executive Officer; and

(H) grant the Financial Assistance with respect to the Project.

Section 4 The Agency is hereby authorized to acquire a leasehold interest in the Project Facility pursuant to an Underlying Lease and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 5 The Agency is hereby authorized to acquire the Project Facility as described in the Lease Agreement and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby ratified, confirmed and approved.

Section 6 (A) The Chief Executive Officer of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Agency Documents 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 substantially the forms thereof presented to this meeting, with such changes, variations, omissions and insertions thereto as the First chairman (or Vice Chairman) shall approve, the execution thereof by the First Chairman (or Vice Chairman) to constitute conclusive evidence of such approval.

(B) The Chief Executive Officer of the Agency is hereby further authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

Section 7 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 Agency Documents, 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 Agency Documents binding upon the Agency.

Section 8 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:

Kent Burto	VOTING AYE
David Converse	VOTING AYE
Michael Docteur	VOTING AYE
John Doldo Jr.	VOTING EXCUSED

Urban Hirschey		VOTING	AYE
Michelle Pfaff		VOTING	AYE
W. Edward Walldroff		VOTING	AYE

The foregoing Resolution was thereupon declared and duly adopted.

EXHIBIT "A" to Approving Resolution

PAYMENT IN LIEU OF TAXES AGREEMENT

THIS AGREEMENT, by and between **MORGAN WATERTOWN TOWNHOMES LLC,** a New York limited liability company having an address of 1170 Pittsford Victor Road, Pittsford, New York 14534, ("**Company**") and **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, an Industrial Development Agency and a Public Benefit Corporation of the State of New York having an address of 800 Starbuck Avenue, Watertown, New York 13601 ("**Agency**"),

W I T N E S S E T H:

WHEREAS, the Agency was created by Chapter 369 of the Laws of 1971 of the State of New York pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York (collectively, the "**Act**"); and

WHEREAS, the Agency by Resolution dated _____, 2012, has agreed to undertake a project to construct, equip and lease 394 multi-family rental housing units together with related buildings (the "**Project**") on certain land (the "**Land**") located on the west side of County Route 202, in the Town of Watertown, Jefferson County, New York, consisting of 57.09 acres of land, as more particularly described in Schedule "A" attached hereto (the Project and the Land are hereinafter referred to as the "**Facility**"); and

WHEREAS, the Agency has agreed to lease the Facility to the Company pursuant to a Lease Agreement executed and entered into of even date herewith (the "**Lease Agreement**") by and between Agency and the Company; and

WHEREASS, pursuant to the terms of the Lease (1) the Company will agree to cause the Project to be undertaken and completed, and (2) the Agency will agree to undertake and complete the Project; and

WHEREAS, simultaneously with the execution and delivery of the Lease Agreement (the "**Closing**"), the Company will execute and deliver to the Agency a certain Lease Agreement to Agency dated as of _____ 2012 (the "**Underlying Lease**") pursuant to which the Company leases the Land under the Project; and

WHEREAS, pursuant to section 874(1) of the Act, and Section 412(a) of the Real Property Tax Law of the State of New York, the Agency is exempt from the payment of taxes and assessments imposed upon real property and improvements owned by it other than special ad valorem levies, special assessments and service charges against real property located in Jefferson County which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Taxing Jurisdictions which are the Town of Watertown ("**Town**"), Jefferson County ("**County**"), and Watertown City School District ("**School**") have the

following taxable years: the Town and County January 1 to December 31 and the School July 1 to June 30; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into this agreement with the approval of the Taxing Jurisdictions, making provision for payments in lieu of taxes by the Company to the Agency, for the benefit of the respective Taxing Jurisdictions within which the Facility is or is to be located;

NOW, THEREFORE, in consideration of the covenants herein contained, it is mutually agreed as follows:

1. (a) For the purpose of payments to be made pursuant to Schedule "B", attached, the Completion Date for the Project shall be the earlier of January 1, 2015; the issuance of Certificates of Occupancy for 85% of the rental units; or at the election of the Company. The Company shall notify each Taxing Jurisdiction and the Agency within 30 days from the anticipated Completion Date for the Project.

(b) Commencing on the first Payment Date following the Completion Date for the Project, and semi-annually thereafter for a total of ten (10) years (20 semi-annual payments), or until the earlier termination of the Lease Agreement or this Agreement, the Company agrees to pay in lieu of all real estate taxes and assessments (in addition to paying all special ad valorem levies, special assessments and service charges which are or may be imposed for special improvements or special district improvements when due) and any payments in lieu of taxes which might be due pursuant to Paragraph 1(c), the total semi-annual amounts set forth in Schedule B for the Project. Payment Date for the purpose of this Agreement is defined as September 1 and January 1 during each year following the Completion Date for a total of ten (10) years. In addition, beginning with the taxable year of each of the respective Taxing Jurisdictions which commences in the calendar year following the date on which the benefits accruing to the Company under this Agreement expire (the "**Benefits Expiration Date**"), the Company shall pay to the Agency in lieu of all real estate taxes and assessments a pro rata sum equal to the amount which would be due and payable as if the Facility were owned by the Company and not by the Agency, said amount being pro-rated from the Benefits Expiration Date through the last day of the then current taxable year. The Company shall pay, or cause to be paid, the amounts set forth in this Paragraph 1(b) within thirty (30) days from their due date and for payments made after the tenth year the applicable grace period for each Taxing Jurisdiction, subject to any late payment penalties pursuant to Section 874 of the Act if not made within the thirty (30) days from the due date or the grace period, whichever is applicable.

(c) Prior to the Completion Date as defined in Paragraph 1(a) above of the Project, the Company shall pay to the Agency on the Project an amount equal to the real estate taxes and assessments on the Land for the Project as if the Land were owned by the Company and not by the Agency. The Company

shall pay or cause such amounts to be paid within the grace period without penalty, applicable to taxes, assessments, special ad valorem levies, special service charges or similar tax equivalents, as the case may be, on similar property subject to taxation by the Taxing Jurisdictions during such respective tax years, subject to any late payment penalties pursuant to Section 874 of the Act if not made within the grace period.

(d) Any failure on the part of the Company to timely make any payments pursuant to this Agreement within the applicable grace period as provided herein shall be an event of default ("**Event of Default**") under this Agreement and under the Lease Agreement. Upon such Event of Default or any other Event of Default, as defined in the Lease Agreement, the Agency shall have any and/or all of the Remedies on Default set forth in the Lease Agreement. Further upon such an Event of Default payments due pursuant to this Agreement shall, upon 30 days written notice from the Agency to the Company and to any Mortgagee of the Facility of which the Agency has notice, shall be equal to the amount of all real estate taxes and assessments which could be levied upon the Facility, if the Facility were owned by the Company and not by the Agency. Such payments shall be due each Taxing Jurisdiction within the grace period, without penalty, applicable to the taxes, assessment, ad valorem levies, special service charges or similar tax equivalents (as the case may be on similar property subject to taxation by the Taxing Jurisdictions during such respective tax years) subject to any late payment penalties pursuant to Section 874 of the Act, if not made within the grace period. All payments due the Taxing Jurisdictions in the Event of Default shall be calculated and determined as of the Default Date as if the Agency had conveyed the Facility to the Company on that date.

(e) Upon receipt by the Agency of Schedule B payments it will then pay the Taxing Jurisdictions their pro-rata share for each jurisdiction. Payments by the Agency to the Taxing Jurisdictions shall be made within the time period allowed by the Act.

2. This Agreement shall terminate, unless it is terminated sooner pursuant to the Lease Agreement or any other provisions of this Agreement, on a date which will be 120 months from the first Payment Date ("**Termination** Date") at which time the parties agree that the Lease and Underlying Lease for the Project shall terminate. In the event of an early termination either pursuant to this Paragraph or any other termination pursuant to this Agreement, both the Lease and the Underlying Lease shall terminate.

3. In the event that the Facility or any Phase is transferred from the Agency to the Company, the Facility shall be immediately subject to taxation pursuant to Sections 302 and 520 of the New York Real Property Tax Law, as amended. However, in no event shall the Company be required to pay both a PILOT payment pursuant to the Agreement and real property taxes for a concurrent tax year or portion thereof. Therefore, should the Facility be conveyed to the Company and thus become taxable pursuant to New York RPTL Section 520,

any payments payable under this Agreement as Payments required in Lieu of Taxes shall be reduced by the amount of any taxes which are required to be paid under RPTL Section 520 for any such concurrent tax year or portion thereof, and should such Payment-in-Lieu-of-Taxes already have been made, the Taxing Jurisdictions shall refund any such amounts owing to Company.

4. To the extent the Facility or any part thereof is declared to be subject to taxation or assessments by an amendment to the Act, other legislative change, or by a final judgment of a court of competent jurisdiction, the obligations of the Company hereunder shall, to such extent, be null and void.

5. Any notice required to be given under this Agreement shall be deemed to have been duly given when delivered and, if delivered by mail, postage prepaid, return receipt requested, addressed to the respective parties hereto at their respective addresses specified below or such other addresses as either party may specify in writing to the other:

If to the Agency: Jefferson County Industrial Development Agency
800 Starbuck Avenue, Suite 800
Watertown, New York 13601
Attn: Donald C. Alexander, CEO

With a copy to: James Heary, Attorney at Law, P.C.
120 Washington Street, Suite 500
Watertown, New York 13601
Attn: James Heary, Esq.

If to the Company: Morgan Watertown Townhomes LLC
1170 Pittsford Victor Road
Pittsford, New York 14534
Attn: Kevin Morgan

With a copy to: Fix, Spindelman, Brovitz & Goldman, P.C.
295 Woodcliff Drive, Suite 200
Fairport, New York 14450
Attn: James J. Bonsignore, Esq.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

7. This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and assigns.

8. This Agreement may only be assigned by the Company with the written consent of the Agency and the Taxing Jurisdictions. In the event of such assignment, the Company will remain legally responsible to all of the other parties to this Agreement for all of the obligations and responsibilities herein imposed upon it.

9. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes and all of which shall constitute collectively a single agreement. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement on the date set forth before the signature of its respective representative.

Date:_____, 2012

MORGAN WATERTOWN TOWNHOMES LLC

By:_____
Robert Morgan, Manager

Date:_____, 2012

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By:_____
Donald C. Alexander, CEO

The undersigned Taxing Jurisdictions hereby consent to the terms, covenants and conditions of this Agreement.

TOWN OF WATERTOWN

By:_____
Joel R. Bartlett, Supervisor

WATERTOWN CITY SCHOOL DISTRICT

By:_____
Terry Fralick, Superintendent

COUNTY OF JEFFERSON

By:_____
Carolyn Fitzpatrick, Chairperson

SCHEDULE "A" to PILOT
(Legal Description of Land)