

INDUCEMENT AGREEMENT AND PROJECT AGREEMENT

THIS INDUCEMENT AGREEMENT AND PROJECT AGREEMENT RELATING TO THE **DEPAUL UTICA, LP FACILITY** (the "AGREEMENT") is between the **CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation of the State of New York, with offices at One Kennedy Plaza, Utica, New York 13502 (the "Agency"), **DEPAUL UTICA, LP**, a limited partnership duly organized, validly existing and in good standing under the laws of the State of New York, with offices at 1931 Buffalo Road, Rochester, New York 14624, as beneficial owner, (the "Company") and **DEPAUL UTICA HOUSING DEVELOPMENT FUND CORPORATION** (the "HDFC"), as fee owner and nominee for the Company.

Article 1. Preliminary Statement. Among the matters of mutual inducement which have resulted in the execution of this AGREEMENT are the following:

1.01. The Agency is authorized and empowered by the provisions of Article 18-A of the General Municipal Law of the State of New York as amended, and Chapter 710 of the Laws of 1981 of the State of New York, as may be amended from time to time (collectively, the "Act") to undertake "Projects" (as defined in the Act) and to lease or sell the same upon such terms and conditions as the Agency may deem advisable.

1.02. The purposes of the Act are (i) to promote industry and develop trade by inducing manufacturing, industrial, warehousing, research, recreation and commercial enterprises to locate or remain in the State and (ii) to encourage and assist in the providing of industrial pollution control facilities and (iii) to promote the economic welfare and prosperity of the inhabitants of the State. The Act vests the Agency with all powers necessary to enable it to accomplish such purposes.

1.03. (a) The Company has submitted to the Agency an Application for Financial Assistance dated August 31, 2018, which Application may be amended from time to time prior to closing of the lease-leaseback transaction described below (the "Application") requesting that the Agency assist in the (i) acquisition of four parcels of land measuring 5.31± acres in the aggregate located at 1914 Dwyer Avenue, 309 Gilbert Street and (no number assigned) Gilbert Street in the City of Utica, Oneida County, New York (collectively, the "Land") and the 40,000± square foot commercial building located thereon (the "Existing Improvements"); (ii) demolition of the Existing Improvements; (iii) construction on the Land of a three-story, 63,000± square foot multi-family residential development consisting of sixty (60) rental units, and amenities, offices and parking facilities to service the same (collectively, the "Improvements"); and (iv) the acquisition and installation of furniture, fixtures and equipment in the Improvements (the "Equipment"), all to be used for the purpose of providing low income and supported housing (the Land, the Existing Improvements, the Improvements and the Equipment are referred to collectively as the "Facility" and the acquisition, demolition, construction and equipping of the Facility is referred to collectively as the "Project").

(b) The HDFC is the fee owner of the Facility, as nominee for the Company pursuant to a Nominee Agreement (the "Nominee Agreement") between the HDFC and the Company, and has consented that the Company, as beneficial owner, convey to the Agency a leasehold interest in the Facility. The Agency will lease the Facility back to the Company pursuant to a Leaseback Agreement (the "Leaseback Agreement"). The Project will be managed by DePaul Properties, Inc., an affiliate of the Company. The Company will further sublease portions of the Facility to residential tenants to be identified from time to time (the "Residential Sublessees").

1.04. The Company hereby represents to the Agency that the Project (a) will not result in the removal of an industrial or manufacturing plant from one area of the State to another area of the State or an abandonment of one or more plants of the Company located in the State; (b) is reasonably necessary to discourage the Company from removing such other plant or facility to a location outside the State, or (c) is reasonably necessary to preserve the competitive position of the Company in its industry. The renovation and equipping of the Facility has not/did not commence(d) as of December 12, 2018.

1.05. The Agency has determined that the acquisition, construction and equipping of the Facility, as described in the Company's Application will promote and further the purposes of the Act.

1.06. On September 4, 2018, the Agency adopted a resolution (the "Resolution" or the "Inducement Resolution") agreeing to undertake the Project in order to assist the Company and to effectuate the purposes of the Act and, subject to the happening of all acts, conditions and things required precedent to such undertaking and the satisfactory completion of such additional acts and reviews as the Agency may deem appropriate, to undertake a lease-leaseback transaction in connection with the Project.

1.07. (a) In the Resolution, the Agency contemplates that it will provide financial assistance to the Company in the form of abatement of real property taxes on the Facility for a period of 30 years during which time the Company will pay as PILOT Payments an amount equal to 8.5% of the effective gross income of the Facility, which represents a deviation from the Agency's Uniform Tax Exemption Policy, to be more particularly described in a Final Authorizing Resolution to be adopted by the Agency prior to the closing of the transactions described herein (collectively, the "Financial Assistance").

(b) Based upon representations made by the Company in the Application, the value of the Financial Assistance is described as follows:

Sales and use tax exemption	\$0
Mortgage recording tax exemption	\$0
Real property tax abatement	\$4,924,589.00 (approximately)

1.09. It is understood and agreed by the parties that the purpose of the Agency's provision of Financial Assistance with respect to the Project is to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of the Project facility to advance job opportunities, health, general prosperity and economic welfare of the people of City of Utica and to otherwise accomplish the public purpose of the Act.

1.10. Attached as Exhibit A to this Agreement is a copy of the PILOT Agreement that reflects the Financial Assistance currently contemplated by the Agency in the Resolution. Except for the Financial Assistance described therein, the final form of PILOT Agreement is subject to changes as may be requested by the Company and approved by counsel to the Agency. The Company acknowledges that the Agency (a) reserves all rights to amend the PILOT Agreement to reflect the terms of the Financial Assistance for which the Agency grants final approval as it authorizes in the final authorizing resolution and (b) is under no obligation to enter into the PILOT Agreement unless all conditions described in Section 4.02 hereof are met to the satisfaction of the Agency.

Article 2. Undertakings on the Part of the Agency. Based upon the statements, representations and undertakings of the Company regarding the Facility and subject to the conditions set forth herein, the Agency hereby confirms and acknowledges:

2.01. Upon satisfactory completion of the conditions precedent set forth herein and in the Resolution and the satisfactory completion of such additional acts and reviews as the Agency may deem appropriate, the Agency will (A) adopt, or cause to be adopted, such proceedings and authorize the execution of such documents as may be necessary or advisable for (i) a lease-leaseback transaction, (ii) the acquisition, construction and equipping of the Facility, and (iii) the leasing of the Facility to the Company pursuant to the Lease (or Leaseback) Agreement, all as shall be authorized by law and be mutually satisfactory to the Agency and the Company and (B) shall enter into a lease-leaseback transaction pursuant to the terms of the Act, as then in force, for the purpose of financing certain costs of the Facility.

2.02. The Lease (or Leaseback) Agreement shall be for an approximate 30-year term and shall obligate the Company to make aggregate basic payments in the amount of \$1.00 and annual administrative fee payments of \$3,000.00. The Company shall be entitled to acquire from the Agency title to (or terminate the Agency's leasehold interest in) the Facility for an aggregate amount of \$1.00, plus such additional amounts as shall be prescribed in the Lease (or Leaseback) Agreement. Specifically, the Lease (or Leaseback) Agreement shall contain a provision that will allow the Company to terminate the Lease (or Leaseback) Agreement at any time upon written notice to the Agency and upon payment by the Company of all applicable fees, penalties and recapture of benefits, if applicable. The Lease (or Leaseback) Agreement shall contain all provisions required by law and such other provisions as shall be mutually acceptable to the Agency and the Company.

2.03. That all services, costs and expenses of whatever nature incurred in connection with the construction, renovation, equipping, installation, replacement, rebuilding, restoration, repair, maintenance and operation of the Facility have been and will continue to be undertaken by the Company.

2.04. That, in connection with any lease by the Agency to the Company that is, in turn, subleased or leased by the Company, it is the intent of all parties to the transactions that any sublease or lease is undertaken by the Company as agent for the Agency.

2.05. That, at the request of the Company, and subject to the agreement between the Agency and the Company, any future transfers of fee or leasehold interest of any portion of real property upon which the Facility is located and not owned by the Agency, are hereby authorized, such transfers to be from the Company to the Agency, and there shall be no need for any further official action on behalf of the Agency other than the execution of the appropriate documents evidencing such transfer.

2.06. The Agency will take or cause to be taken such other acts and adopt such further proceedings as may be required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof.

Article 3. Undertakings on the Part of the Company. Based upon the statements, representations and undertakings of the Agency herein and in the Resolution and subject to the conditions set forth herein and in the Resolution, the Company agrees as follows:

3.01. In the Application, the Company represented that it will create (or cause to be created) six (6) full time equivalent positions at the Facility prior to the commencement of the third year of the Lease Term and maintain all for the duration of the Lease Term as a result of undertaking the Facility (the "Employment Obligation"). The Company acknowledges that the Financial Assistance is conditioned upon the Company maintaining the Employment Obligation for the term of the Lease (or Leaseback) Agreement and failure to do so may result in the termination or recapture of Financial Assistance.

3.02. Contemporaneously with the closing of the lease-leaseback transaction the Company will enter into the Lease (or Leaseback) Agreement with the Agency containing, among other things, the terms and conditions described in Section 2.02 hereof.

3.03. (a) The Company shall not permit to stand, and will, at its own expense, take all steps reasonably necessary to remove (or bond the same if acceptable to the Agency and its counsel), any mechanics' or other liens against the Facility for labor or materials furnished in connection with the acquisition, demolition, construction and

equipping of the Facility. The Company shall forever defend, indemnify and hold the Agency, its members, officers, employees, and agents, and anyone for whose acts or omissions the Agency or any of them may be liable, harmless from and against all costs, losses, expenses, claims, damages and liabilities of whatever kind or nature arising, directly or indirectly, out of or based on labor, services, materials and supplies, including equipment, ordered or used in connection with the acquisition, construction and equipping of the Facility or arising out of any contract or other arrangement therefor (and including any expenses incurred by the Agency in defending any claims, suits or actions which may arise as a result of any of the foregoing), whether such claims or liabilities arise as a result of the Company acting as agent for the Agency pursuant to this AGREEMENT or otherwise.

(b) The Company shall forever defend, indemnify and hold harmless the Agency, its members, officers, employees and agents, and anyone for whose acts or omissions the Agency or any of them may be liable, from and against all claims, causes of action, liabilities and expenses (including without limitation attorneys' fees) howsoever arising for loss or damage to property or any injury to or death of any person (including, without limitation, death of or injury to any employee of the Company or any sublessee) that may occur subsequent to the date hereof by any cause whatsoever in relation to the Facility including the failure to comply with the provisions of Article 3.03 hereof, or arising, directly or indirectly, out of the ownership, demolition, construction, equipping, acquisition, operation, maintenance, repair or financing of the Facility, and including, without limitation, any expenses incurred by the Agency in defending any claims, suits or actions which may arise as a result of the foregoing.

(c) The defense and indemnities provided for in this Article 3 shall apply whether or not the claim, liability, cause of action or expense is caused or alleged to be caused, in whole or in part, by the activities, acts, fault or negligence of the Agency, its members, officers, employees and agents, anyone under the direction and control of any of them, or anyone for whose acts or omissions the Agency or any of them may be liable, and whether or not based upon the breach of a statutory duty or obligation or any theory or rule of comparative or apportioned liability, subject only to any specific prohibition relating to the scope of indemnities imposed by law. Without limiting the generality of the foregoing, the foregoing indemnifications shall apply to and encompass any action (or alleged failure to act) of the Agency pursuant to the SEQR Act.

(d) The Company shall provide and carry workers' compensation and disability insurance as required by law and comprehensive liability insurance with such coverages (including, without limitation, owner's protective for the benefit of the Agency and contractual coverage covering the indemnities herein provided for), with such limits and with such companies as may be approved by the Agency. Upon the request of the Agency, the Company shall provide certificates of insurance in form satisfactory to the Agency evidencing such insurance.

3.04. With the exception of the authorizations required to be adopted by the Agency for the Agency to enter into the lease-leaseback transaction, the Company agrees that, as agent for the Agency or otherwise, it will comply with all the requirements of all federal, state and local laws, rules and regulations of whatever kind and howsoever denominated applicable to the Agency and/or the Company with respect to the Facility, the acquisition, demolition, construction and equipping thereof, the operation and maintenance of the Facility and the financing thereof. Every provision required by law to be inserted herein shall be deemed to be set forth herein as if set forth in full; and upon the request of either party, this AGREEMENT shall be amended to specifically set forth any such provision or provisions. The Company certifies, under penalty of perjury, that it is in substantial compliance with all local, state and federal tax, worker protection and environmental laws, rules and regulations.

3.05. The Company will take such further action and adopt such further proceedings as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

3.06. If it should be determined that any State or local sales or compensatory use taxes or similar taxes however denominated are payable with respect to the acquisition, purchase or rental of machinery or equipment, materials or supplies in connection with the Project, or are in any manner otherwise payable directly or indirectly in connection with the Project, the Company shall pay the same and defend and indemnify the Agency from and against any liability, expenses and penalties arising out of, directly or indirectly, the imposition of any such taxes.

3.07. If the Facility is leased to another party by the Agency and subleased to the Company, then in such event, the Company guarantees all of the covenants, undertakings and indemnities of such other party as set forth in this Article 3.

3.08. The Company shall provide annually, to the Agency, a certified statement and documentation: (i) enumerating the full time equivalent jobs retained and the full time equivalent jobs created as a result of the Financial Assistance, by category, including full time equivalent independent contractors or employees of independent contractors that work at the Project location, and (ii) indicating that the salary and fringe benefit averages or ranges for categories of jobs retained and jobs created that was provided in the application for Financial Assistance is still accurate and if it is not still accurate, providing a revised list of salary and fringe benefit averages or ranges for categories of jobs retained and jobs created. Exhibit B contains the form of annual certification as well as additional Project assessment information that the Agency requires, on an annual basis, to be submitted to the Agency by the Company.

3.09. In accordance with the policies of the Agency, and the Resolution, the Company covenants and agrees that it may be subject to recapture of any and all Financial Assistance if it is determined by the Agency that:

(a) the Company has made a material false or misleading statement, or omitted any information which, if included, would have rendered any information in the application or supporting documentation false or misleading in any material respect, on its application for Financial Assistance; or

(b) the Company fails to meet and maintain the Employment Obligation; or

(c) the Company failed to submit to the Agency its annual report so that the Agency can confirm that the Project is achieving the Employment Obligation and other objectives of the Project.

If the Agency determines to recapture any Financial Assistance, the Company agrees and covenants that it will (i) cooperate with the Agency in its efforts to recover or recapture any or all Financial Assistance obtained by the Company and (ii) promptly pay over any or all such amounts to the Agency that the Agency demands in connection therewith. Upon receipt of such amounts, the Agency shall then redistribute such amounts to the appropriate affected tax jurisdiction(s), unless agreed to otherwise by any tax jurisdiction(s).

Article 4. General Provisions.

4.01. This AGREEMENT sets forth the terms and conditions under which Financial Assistance shall be provided to the Company; no Financial Assistance shall be provided to the Company prior to the effective date of this Agreement. This AGREEMENT shall remain in effect until the Lease (or Leaseback) Agreement becomes effective. It is the intent of the Agency and the Company that this AGREEMENT be superseded in its entirety by the Lease (or Leaseback) Agreement, except for the indemnities and guarantee of indemnities contained herein, which shall survive.

4.02. It is understood and agreed by the Agency and the Company that entering into the lease-leaseback transaction and the execution of the Lease (or Leaseback) Agreement and related documents are subject to (i) obtaining all necessary governmental approvals, (ii) approval of the members of the Company, (iii) approval of the members of the Agency, (iv) satisfactory completion of the environmental review of the Facility by the Agency in compliance with the State Environmental Quality Review Act, (v) agreement by the Agency and the Company upon mutually acceptable terms and conditions for the Lease (or Leaseback) Agreement and other documentation usual and customary to transactions of this nature, (vi) the condition that there are no changes in New York State Law which prohibit or limit the Agency from fulfilling its obligation and commitment as herein set forth to enter into the lease-leaseback transaction and (vii) payment by the Company of the Agency's transaction fee and the fees and disbursements of bond counsel or transaction counsel.

4.03. The Company agrees that it will reimburse the Agency for all reasonable and necessary direct out-of-pocket expenses that the Agency may incur as a consequence of executing this AGREEMENT or performing its obligations hereunder. Examples of such expenses include, but are not limited to, photocopies, phone and fax charges, postage and other shipping charges incurred in connection with closing the lease-leaseback transaction or complying with any requests after closing relating to the lease-leaseback transaction, including but not limited to requests under the Freedom of Information Act, requests relating to the Project.

4.04. If for any reason the lease-leaseback transaction does not close on or before twelve (12) months from the execution hereof, the provisions of this AGREEMENT (other than the provisions of Articles 3.05, 3.06, 3.07 and 3.08 above, which shall survive) shall, unless extended by agreement of the Agency and the Company (whether before or after such original expiration date), terminate and be of no further force or effect, and following such termination neither party shall have any rights against the other party except:

(a) The Company shall pay the Agency for all expenses which were authorized by the Company and incurred by the Agency in connection with the acquisition, demolition, construction and equipping of the Facility;

(b) The Company shall assume and be responsible for any contracts for construction or purchase of equipment entered into by the Agency at the request of or as agent for the Company in connection with the Project; and

(c) The Company will pay the out-of-pocket expenses of members of the Agency, counsel for the Agency and Transaction Counsel incurred in connection with the Project and will pay the reasonable fees of counsel for the Agency and Transaction Counsel for legal services relating to the Project or the proposed financing thereof.

IN WITNESS WHEREOF, the parties hereto have entered into this AGREEMENT to be effective as of September 4, 2018.

CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY

By: [Signature]
Vincent J. Gilroy, Jr.
Chairman

DEPAUL UTICA, LP

By: [Signature]
Name: MARK H. FULLER
Title: President

STATE OF NEW YORK)
COUNTY OF MONROE) ss.:

MARK H. Fuller, being first duly sworn, deposes and says:

1. That I am the President of DePaul Utica Development, Inc, the general partner of DePaul Utica, LP (the "Company") and that I am duly authorized on behalf of the Company to bind the Company and to execute this Agreement.
2. That the Company confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the Project is in substantial compliance with all applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.

[Signature]
(Signature of Officer)

Subscribed and affirmed to me under penalties of perjury
this 25th day of April, 2019.

[Signature]
(Notary Public)

JONATHAN S. PENNA
Notary Public, State of New York
Registration #: 02PE6092815
Qualified in Monroe County
Certificate Filed in Monroe County
Commission Expires: 05/27/20

EXHIBIT A
FORM OF PILOT AGREEMENT

Transcript Document No. 3(a)

DEPAUL UTICA, LP
and
CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

City of Utica Industrial Development Agency
2019 Real Estate Lease
(DePaul Utica, LP Facility)

Oneida County, City of Utica, Utica City School District

Tax Account No.: [TO BE PROVIDED BY COMPANY]

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT, dated as of _____, 2019, is by and between **DEPAUL UTICA, LP**, a limited partnership duly organized, validly existing and in good standing under the laws of the State of New York, with offices at 1931 Buffalo Road, Rochester, New York 14624 (the "Company"), DePaul Utica Housing Development Fund Corporation (the "HDFC"), as nominee for the Company, and **CITY OF UTICA INDUSTRIAL DEVELOPMENT AGENCY**, an industrial development agency and a public benefit corporation of the State of New York having its principal office at One Kennedy Plaza, Utica, New York 13502 (the "Agency").

W I T N E S S E T H:

WHEREAS, the Agency is authorized and empowered by the provisions of Title 1 of Article 18-A of the General Municipal Law, Chapter 99 of the Consolidated Laws of New York, as amended, (the "Enabling Act"), and Chapter 710 of the Laws of 1981 of the State of New York, as amended, constituting Section 901 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, among others, industrial facilities for the purpose of promoting, attracting and developing economically sound commerce and industry in order 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, the Company desires to (i) acquire one parcel of land measuring 5.31± acres in the aggregate located at 1914 Dwyer Avenue, 309 Gilbert Street and (no number assigned) Gilbert Street in the City of Utica, Oneida County, New York (Tax No. 319.15-1-8) (collectively, the "Land") and the 40,000± square foot commercial building located thereon (the "Existing Improvements"); (ii) demolish the Existing Improvements; (iii) construct on the Land a three-story, 63,000± square foot multi-family residential development consisting of sixty (60) rental units, and amenities, offices and parking facilities to service the same (collectively, the "Improvements"); and (iv) acquire and install furniture, fixtures and equipment in the Improvements (the "Equipment"), all to be used for the purpose of providing low income and supported housing (the Land, the Existing Improvements, the Improvements and the Equipment are referred to collectively as the "Facility" and the acquisition, demolition, construction and equipping of the Facility is referred to collectively as the "Project"); and

WHEREAS, New York State Housing Finance Agency, a corporate governmental agency established pursuant to Article III of the New York State Private Housing Finance Law, constituting a public benefit corporation, having its principal place of business at 641 Lexington Avenue, New York, New York 10022 (the "HFA") intends to finance a portion of the costs of the Facility by extending several loans to the Company in the aggregate principal sum of \$_____, to be secured by one or more mortgages; and

WHEREAS, in order to induce the Company to develop the Facility, the Agency is willing to accept a leasehold interest in the Facility pursuant to a Lease Agreement dated of even date herewith and lease the Facility back to the Company pursuant to the terms and conditions contained in a Leaseback Agreement dated of even date herewith; and

WHEREAS, the Company intends to further sublease individual residential units comprising the Facility to residential tenants (each a "Residential Sublessee" and collectively the "Residential Sublessees"); and

WHEREAS, the Agency has agreed to accept a leasehold interest to the Facility in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, the Facility is exempt from real property taxes, general property taxes, general school district taxes, general assessments, service charges or other governmental charges of a similar nature levied and/or assessed upon the Facility or the interest therein of the Company or the occupancy thereof by the Company commencing August 1, 2019, the taxable status date, (the "Exempt Taxes"), because the Agency has a leasehold interest in the Facility and the Facility is used for a purpose within the meaning of the applicable Constitutional and statutory provisions, including the Enabling Act, provided, however, such exemption does not extend to special assessments or ad valorem levies; and

WHEREAS, the Company understands that it, as sublessee of the Facility leased by the Agency, will, in fact, have Exempt Taxes to pay under the provisions of the Leaseback Agreement from the first date of the Exemption Term (as that date is determined by the parties and described herein) through the term of the Leaseback Agreement (the "Exemption Term"); and

WHEREAS, each year of the Exemption Term is more particularly set forth on Schedule B attached hereto (each year being referred to as an "Exemption Year"); and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provision for payments-in-lieu-of-taxes and such assessments by the Company to the City of Utica, or any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be, wholly or partially located, Oneida County, Utica City School District and appropriate special districts described on Schedule A attached hereto (hereinafter each a "Taxing Authority" and collectively the "Taxing Authorities") in which any part of the Facility is or is to be located; and

WHEREAS, the PILOT Payments (as defined below) represent a deviation from the Agency's Uniform Tax Exemption Policy (the "Policy"); and

WHEREAS, pursuant to Section 874 of the Act, the Agency sent a notice to the chief executive officer of each Taxing Authority providing a description of the PILOT Payments, the Agency's reasons for deviating from the Policy as well as the time and location of the meeting during which the Agency would consider a resolution approving the deviation from its Policy and the PILOT Payments; and

WHEREAS, all defined terms herein as indicated by the capitalization of the first letter thereof and not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Leaseback Agreement.

NOW, THEREFORE, to provide for certain payments to the Taxing Authorities, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The Company shall pay to each Taxing Authority:

(a) all taxes that are due with respect to the Facility prior to the Exemption Term, no later than the last day during which such payments may be made without penalty; and

(b) all special assessments and ad valorem taxes coming due and payable during the term of the Leaseback Agreement and the Leaseback Agreement for which the Facility is not exempt and, in all instances, using an assessed value calculated pursuant to 581-A of the Real Property Tax Law, no later than the last day during which such payments may be made without penalty.

2. (a) The Company shall pay to the City of Utica (the "City") an amount in lieu of the Exempt Taxes equal to 8.5% of the Effective Gross Income of the Facility (the "PILOT Payments") during each Exemption Year as described on Schedule B attached hereto. For the purposes of calculating PILOT Payments, "Effective Gross Income" or "EGI" shall be defined as actual collected rent from the Facility, including rental subsidies. The Company shall submit to the Agency annually, no later than February 28 (i) a certified statement attesting to the EGI for the Facility for the prior calendar year, including a calculation of the PILOT Payment based on the EGI; and (ii) a check payable to "City of Utica" for the full amount of the PILOT Payment. The City shall allocate the PILOT Payment among the Taxing Jurisdictions in the same pro-rata proportion that the Taxing Jurisdictions would have received taxes, if the Agency did not have a leasehold interest. For purposes of apportioning the PILOT Payment, the City shall use the tax rates for the prior Exemption Year. As an example, for Exemption Year 1, the Company shall submit a statement to the Agency no later than February 28, 2021 using the EGI for calendar year 2020. The PILOT Payment remitted with this statement will be applied to County year 2020, City year 2020-2021 and School District year 2020-2021.

(b) Anything herein to the contrary, notwithstanding, this Agreement shall terminate on the date on which the Leaseback Agreement shall terminate and the Agency shall terminate its leasehold interest in the Facility pursuant to the Leaseback Agreement. Notwithstanding anything to the contrary, the Company shall have the right to terminate this Agreement without penalty if the Company determines, in its sole discretion, that termination of this Agreement will result in a more beneficial tax treatment for the Company. The right of the Company to terminate this Agreement is subject in all respects to the provisions of Article 8 of the Leaseback Agreement, and the Lease Agreement and Leaseback Agreement shall terminate concurrently.

(c) Anything herein to the contrary, notwithstanding, upon the failure of the Company in making any payment when due hereunder and upon failure to cure such default within thirty (30) days of receipt of notice as herein provided, shall constitute an

Event of Default under Section 7.1(a)(vi) of the Leaseback Agreement, and the Agency may take any one or all remedial steps afforded it in Section 7.2 of the Leaseback Agreement; provided, however, nothing herein contained shall be deemed to limit any other rights and remedies the Agency may have hereunder or under any other Transaction Document.

(d) Anything herein to the contrary, notwithstanding, in the event of any default by the Company, the Company's Investor Limited Partner (as defined in the Amended and Restated Operating Agreement of the Company) shall have fifteen (15) days for a monetary default and thirty (30) days in the case of any other default, after notice to the Company and the Investor Limited Partner of such default, to cure or to cause to be cured the default complained of; and the Agency shall accept such performance by or at the instigation of the Investor Limited Partner as if same had been done by the Company. If however such default cannot reasonably be expected to be cured within such period, then the Investor Limited Partner will have reasonable additional time to cure such default provided the Investor Limited Partner has commenced and continues to diligently pursue a cure.

3. The Company will make PILOT Payments to each Taxing Authority hereunder for each Exemption Year by making the required payment to the City of Utica no later than February 28 of each Exemption Year. PILOT Payments that are delinquent under this Agreement shall be subject to a late penalty of five percent (5%) of the amount due which shall be paid by the Company to the City at the time the PILOT Payment is paid, and the City shall allocate the penalty among the Taxing Jurisdictions in the same pro-rata proportion that the Taxing Jurisdictions would have received taxes, if the Agency did not have a leasehold interest. For each month, or part thereof, that the PILOT Payment is delinquent beyond the first month, interest shall accrue to and be paid to the affected Taxing Authority on the total amount due plus a late payment penalty in the amount of one percent (1%) per month until the payment is made.

4. The PILOT Payments to be made by the Company pursuant to this Agreement are intended to be in lieu of all Exempt Taxes that would have to be paid on the Facility leased to the Company by the Leaseback Agreement if the Agency did not have a leasehold or other interest in the Facility.

5. If by reason of a change in the Constitution or laws of the State of New York, or an interpretation of the Constitution or the laws of the State of New York by the Court of Appeals (or such lower court from which the time to appeal has expired) of the State of New York, or for any other reason, the Company is required to pay any tax which the payments specified herein are intended to be in lieu of, the Company may deduct the aggregate of any such payments made by it from the amount herein agreed to be paid in lieu of such taxes and need only pay the difference. Furthermore, inasmuch as the PILOT Payments herein agreed to be made by the Company are intended to be in lieu of all Exempt Taxes, it is agreed that said payments shall not, as to any Exemption Year, be in an amount greater than would be payable for such year for such Exempt Taxes, in the aggregate, by a private corporation on account of its ownership of the Facility using an assessed value calculated pursuant to 581-A of the Real Property Tax Law. The Company shall have the ability, in its sole discretion, to challenge such 581-A assessment.

6. This Agreement shall be binding upon the successors and assigns of the parties.

7. It is the intent of the parties that the Company will have all the rights and remedies of a taxpayer with respect to any real property or other tax, service charge, special benefit, ad valorem levy, assessment or special assessment or service charge because of which, or in lieu of which, the Company is obligated to make a payment hereunder, as if and to the same extent as if the Agency did not have a leasehold or other interest in the Facility. It is the further intent of the parties that the Company will have all of the rights and remedies of a taxpayer as if and to the same extent as if the Agency did not have a leasehold or other interest in the Facility with respect to any proposed assessment or change in assessment concerning the property (581-A or otherwise), or any portion thereof, whether through an assessor, board of assessment review, court of law, or otherwise and likewise will be entitled to protest before and be heard by such assessor, board of assessment review, court of law or otherwise and will be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment or the validity or amount of any taxes that would have been payable but for the provisions hereof. In the event, however, that a court of competent jurisdiction shall enter an order or judgment determining or declaring that, by reason of the Agency's interest in the Facility, the Company does not have the right to bring a proceeding to review such assessment under the Real Property Tax Law or any other law, then the Company shall have the right to contest such assessment in the name and as the agent of the Agency, and the Agency agrees to cooperate with the Company in all respects in any such proceeding at the sole cost and expense of the Company. The Company hereby unconditionally and irrevocably waives its rights, if any, to apply for and/or receive the benefit of, any other real property tax exemption including, without limitation, any real property tax exemptions that may be available under Section 485-b and Section 485-e of the Real Property Tax Law for so long as the PILOT Agreement is in effect, provided that nothing herein shall preclude the Company's rights pursuant to Section 581-a of the Real Property Tax Law. Notwithstanding anything herein to the contrary, for so long as this Agreement is in effect, the Company shall not consolidate any other tax parcels into the tax parcels that are the subject of this Agreement, without the prior written consent of the Agency in each instance.

8. All amounts payable by the Company hereunder will be paid to the City and will be payable in such lawful money of the United States of America as at the time of payment is legal tender for the payment of public and private debts, including a check payable in such money.

9. (a) If any term or provision hereof should be for any reason held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such term or provision will be deemed separate and independent and the remainder hereof will remain in full force and effect and will not be invalidated, impaired or otherwise affected by such holding or adjudication.

(b) This Agreement may not be effectively amended, changed, modified, altered or terminated except by an instrument in writing executed by the parties hereto. Notwithstanding anything to the contrary, the Company shall have the right to terminate this Agreement without penalty if the Company determines, in its sole discretion, that termination of this Agreement will result in a more beneficial tax treatment for the Company. The right of the Company to terminate this Agreement is subject in all respects to the provisions of Article 8 of the Leaseback Agreement, and the Lease Agreement and Leaseback Agreement shall terminate concurrently.

(c) All notices, certificates or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when (i) mailed by United States registered or certified mail, postage prepaid, return receipt requested or (ii) when delivered by a commercial overnight courier that guarantees next day delivery and provides a receipt, to the Agency or the Company, as the case may be, addressed as follows:

If to the Agency:

City of Utica Industrial Development Agency
One Kennedy Plaza
Utica, New York 13502
Attn.: Executive Director

With a Copy to:

Bond, Schoeneck & King, PLLC
501 Main Street
Utica NY 13501
Attn.: Linda E. Romano, Esq.

If to the Company:

DePaul Utica, LP
1931 Buffalo Road
Rochester, New York 14624
Attn.: James Whalen, Chief Financial Officer

With a Copy to:

Cannon Heyman and Weiss, LLP
54 State Street, 5th Floor
Albany, New York 12207
Attn.: Geoffrey Cannon, Esq.

If to HFA:

New York State Housing Finance Agency
641 Lexington Avenue
New York, New York 10022
Attention: Senior Vice President, MultiFamily Finance, and
Attention: Counsel

If to SONYMA:

State of New York Mortgage Agency
Mortgage Insurance Fund
641 Lexington Avenue
New York, New York 10022

Attention: Senior Vice President, Mortgage Insurance Division

If to Investor:

[INSERT INVESTOR ADDRESS]

With a Copy to:

[INSERT INVESTOR COUNSEL]

provided, that the Agency, HFA, SONYMA, the Investor or the Company may, by notice given hereunder to the other, designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent.

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

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this **PILOT Agreement** as of the date first above written.

DEPAUL UTICA, LP,

By: DePaul Utica Development, Inc.,
its General Partner

By: _____
Name: Mark H. Fuller
Title: President

CITY OF UTICA INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Vincent J. Gilroy, Jr.
Chairman

STATE OF NEW YORK)
 : ss.:
COUNTY OF)

On the ____ day of _____ 2019 before me, the undersigned a notary public in and for said state, personally appeared **Mark H. Fuller**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
 : ss.:
COUNTY OF ONEIDA)

On the ____ day of _____ 2019 before me, the undersigned a notary public in and for said state, personally appeared **Vincent J. Gilroy, Jr.**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

SCHEDULE A

COUNTY OF ONEIDA
Receiver of Taxes
800 Park Avenue
Utica, New York 13501

City of Utica
Receiver of Taxes
City Hall
One Kennedy Plaza
Utica, New York 13502
Attn.: City Treasurer

UTICA CITY School District
Receiver of Taxes
106 Memorial Parkway
Utica, New York 13501
Attn.: Pamela Backman, Treasurer

SCHEDULE B

Exemption Year	EGI Certification Due	County Tax Year	City Tax Year	School Tax Year
1	2021	2020	2020-21	2020-21
2	2022	2021	2021-22	2021-22
3	2023	2022	2022-23	2022-23
4	2024	2023	2023-24	2023-24
5	2025	2024	2024-25	2024-25
6	2026	2025	2025-26	2025-26
7	2027	2026	2026-27	2026-27
8	2028	2027	2027-28	2027-28
9	2029	2028	2028-29	2028-29
10	2030	2029	2029-30	2029-30
11	2031	2030	2030-31	2030-31
12	2032	2031	2031-32	2031-32
13	2033	2032	2032-33	2032-33
14	2034	2033	2033-34	2033-34
15	2035	2034	2034-35	2034-35
16	2036	2035	2035-36	2035-36
17	2037	2036	2036-37	2036-37
18	2038	2037	2037-38	2037-38
19	2039	2038	2038-39	2038-39
20	2040	2039	2039-40	2039-40
21	2041	2040	2040-41	2040-41
22	2042	2041	2041-42	2041-42
23	2043	2042	2042-43	2042-43
24	2044	2043	2043-44	2043-44
25	2045	2044	2044-45	2044-45
26	2046	2045	2045-46	2045-46
27	2047	2046	2046-47	2046-47
28	2048	2047	2047-48	2047-48
29	2049	2048	2048-49	2048-49
30	2050	2049	2049-50	2049-50

EXHIBIT B
FORM OF ANNUAL REPORT TO AGENCY

2017 ANNUAL PROJECT REPORT



DUE BY: February 2, 2018
Utica Industrial Development Agency

A. Business Information: <i>Please fill in blanks or change as necessary</i>			
Organization Name:		Organization Name Change: (if applicable)*	
Project Address:		Address Change (if applicable)*	
Contact Person:		Contact Person Change: (if applicable)	
Name:		Name:	
Phone:		Phone:	
Fax:		Fax:	
E-mail:		E-mail	
Mailing Address (if different from Organization Address):		Mailing Address Change: (if applicable)	
Not For Profit (Yes or No)			
B. Project Information:			
Project Name:		Project ID:	
Project Description:			
C. Tax Exemptions: <i>Please fill in blanks</i>			
If you claimed exemption from New York State Sales Tax or Mortgage Tax during 2017, please answer the following questions. If not applicable to your project, please indicate by responding with an "N/A" in the blanks provided.			
Total Sales Tax exemption from 1/1/17 – 12/31/17 (Actual tax savings, NOT total purchases):		Attach a copy of NYS Form ST-340 on which you reported the value of sales and use tax exemptions for your project. <i>New York State requires that a company receiving sales tax exemptions file an ST-340 no later than the end of February following the year in which the exemption was claimed.</i>	
Value of 2017 Mortgage Recording Tax Exemption (0.75% of the mortgage amount):			
D. Employment Data:			
<i>2017 employment (only for the location that is receiving IDA benefits) PLEASE REFER TO the definition of Full-Time Equivalent Jobs.</i>			
Job Classification	Number of Full-Time Equivalent Employees (as of 12/31/17)	Average annual salary of Full-Time Equivalent employees (Reported in prior column)	Average annual salary and benefits of Full-Time Equivalent employees
Executive Management (Owner / CEO / Management)			
Production / Manufacturing			
Clerical / Administrative			
Other			
Definition of Full Time Equivalent Jobs: Full-time jobs, plus the combination of two or more part-time jobs that, when combined together, constitute the equivalent hours of a full-time position (35 or more hours).			

Please attach copies of your NYS-45 Quarterly Combined Withholding, Wage Reporting & Unemployment Insurance Return for each quarter in 2017. (Please note that benefits will be terminated if these reports are not submitted.) Report the total number of full-time and part-time covered employees for the third month of the fourth quarter as shown on the NYS-45: _____.

If you are a new Company and a NYS-45 is not available, please check here

Number of Full-Time Equivalent Construction Jobs created during 2017 : _____

If the NYS-45 includes multiple locations, please attach a separate sheet that certifies the job information specific to the project location.

E. Housing Projects: Please complete this section if your project involves housing.

Number of rental/housing units projected in original application:

Number of rental/housing units actually created as a result of the project:

F. Capital Investments:

Please list investments **directly related to the project described in Section B** made during the period of **January 1 – December 31, 2017**. Do not include investments from previous reporting periods or operating expenses.

	As Reported on original Application	Reported on Previous Report (Cumulative)	Actual Expense in 2017 (Related to the project defined in section B)		As Reported on original Application	Reported on Previous Report (Cumulative)	Actual Expense in 2017 (Related to the project defined in section B)
Building Cost: <i>(Construction)</i>				Other: <i>(Renovations of existing space)</i>			
Land & Building: <i>(Real Estate.)</i>				Total Investment:			
Production Equip.: <i>(Not Sales Taxable)</i>				Total Amount Financed:			
Other Equipment: <i>(Sales taxable equip.)</i>				Mortgage Amt.:			

Please reference the original project application and explain any variances from the original project estimates: _____

Do you anticipate relocating, expanding your business or purchasing equipment within the next 12 months?
YES _____ NO _____

If yes, please explain _____

G. Signature: Report will not be considered complete unless signature is provided

An Authorized Company Official must certify the information provided by completing the following:

Termination of benefits is possible if the information submitted is determined to be incorrect or if the information is not submitted by the requested date. The UIDA reserves the right to complete an examination of back-up documentation related to the company's reported project information at any time should the UIDA have reasonable cause to do so.

I hereby attest that the information contained in this report is true and correct to the best of my knowledge.

Signature (Authorized Company Official)

Date

Please Print (Name and Title)