
City of Syracuse
Industrial Development Agency
333 West Washington Street, Suite 130
Syracuse, New York 13202
Tel (315) 448-8100 Fax (315) 448-8036

August 13, 2013

The Inns at Armory Square, LLC
202 Walton Street, Suite 204
Syracuse, New York 13202
Attn: Richard H. Sykes

**Re: City of Syracuse Industrial Development Agency
The Inns at Armory Square, LLC Project
Sales Tax Appointment Letter – Extension through December 31, 2013**

Dear Mr. Sykes:

Pursuant to a resolution duly adopted on July 26, 2011, the City of Syracuse Industrial Development Agency (the “*Agency*”) appointed The Inns at Armory Square, LLC (the “*Company*”) the true and lawful agent of the Agency to undertake a project (the “*Project*”) consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the “*Land*”); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the “*Facility*”); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the “*Equipment*”, together with the Land and the Facility, the “*Project Facility*”); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed \$500,000 from certain funds allocated to the Agency from the Empire State Development Corporation (the “*Grant*”) as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the “*Financial Assistance*”); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

On February 24, 2012, the Agency issued its first Sales Tax Appointment Letter (the “*First STAL*”), appointing the Company its agent for the purposes set forth therein. The First

STAL expired by its terms on May 1, 2013. On or about March 13, 2013, the Company requested, and on March 27, 2013 the Agency approved, the extension of the First STAL in order to permit additional time to fully complete the Project Facility (the "**Second STAL**"). Thereafter, on August 6, 2013, the Company requested, and on August 13, 2013 the Agency approved, an extension of the Second STAL in order to permit additional time to finalize purases for the Project Facility.

This appointment includes, and this letter evidences, authority to purchase on behalf of the Agency all materials to be incorporated into and made an integral part of the Project Facility and the following activities as they relate to any renovation, improvement and equipping of any of any buildings, whether or not any materials, equipment or supplies described below are incorporated into or become an integral part of such buildings: (1) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with renovation, improvement and equipping; (2) all purchases, rentals, uses or consumption of supplies, materials, utilities and services of every kind and description used in connection with renovation, improvement and equipping; and (3) all purchases, leases, rentals and uses of equipment, machinery and other tangible personal property (including installation costs), installed or placed in, upon or under such building or facility, including all repairs and replacements of such property, and with respect to such specific purchases or rentals, are exempt from any sales or use tax imposed by the State of New York or any governmental instrumentality located within the State of New York.

This agency appointment includes the power to delegate such agency, in whole or in part to agents, subagents, contractors, subcontractors, contractors and subcontractors of such agents and subagents, and to such other parties as the Company chooses. The Company hereby agrees to complete "IDA Appointment of Project Operator or Agent for Sales Tax Purposes" (Form ST-60) for itself and each agent, subagent, contractor, subcontractor, contractors or subcontractors of such agents and subagents, and to such other parties as the Company chooses who provide materials, equipment, supplies or services and deliver said form to the Agency within fifteen (15) days of appointment such that the Agency can execute and deliver said form to the State Department of Taxation and Finance within thirty (30) days of appointment.

In exercising this agency appointment, the Company, its agents, subagents, contractors and subcontractors should give the supplier or vender a copy of this letter to show that the Company, its agents, subagents, contractors and subcontractors are each acting as agent for the Agency. The supplier or vendor should identify the Project Facility on each bill or invoice and indicate thereon which of the Company, its agents, subagents, contractors and subcontractors acted as agent for the Agency in making the purchase.

In order to be entitled to use this exemption, you or your contractor should present to the supplier or other vendor of materials for the Project Facility, a completed "Contractor Exempt Purchase Certificate" (Form ST-120.1), checking box "(a)". You should give the supplier or vendor a copy of this letter to show that you (or the contractor) are acting as agent for the

Agency in making the purchase. A copy of this letter retained by any vendor or seller may be accepted by such vendor or seller as a “statement and additional documentary evidence of such exemption” as provided by New York Tax Law §1132(1)(ii), thereby relieving such vendor or seller from the obligation to collect sales and use tax with respect to the construction and installation and equipping of the Project Facility.

In addition, General Municipal Law §874(8) requires you to file an Annual Statement with the New York State Department of Taxation and Finance on “Annual Report of Sales and Use Tax Exemptions” (Form St-340) regarding the value of sales and use tax exemptions you, your agents, consultants or subcontractors have claimed pursuant to the agency we have conferred on you with respect to this project. The penalty for failure to file such statement is the removal of your authority to act as our agent.

The agency created by this letter is limited to the Project Facility, and will expire on **December 31, 2013**. You may apply to extend this agency authority by showing good cause.

This letter is provided for the sole purpose of securing exemption from New York State Sales and Use Taxes for this project only. No other principal/agent relationship is intended or may be implied or inferred by this letter.

The Agency shall not be liable, either directly or indirectly or contingently, upon any such contract, agreement, invoice, bill or purchase order in any manner and to any extent whatsoever (including payment or performance obligations), and the Company shall be the sole party liable thereunder. By acceptance of this letter, the vendor hereby acknowledges the limitations on liability described herein.

(SIGNATURE PAGE TO FOLLOW)

Very truly yours,

CITY OF SYRACUSE INDUSTRIAL
DEVELOPMENT AGENCY

By:



William M. Ryan, Chairman