City of Syracuse
Industrial Development Agency
201 East Washington Street, 7th Floor
Syracuse, NY 13202
Tel (315) 473-3275 Fax (315) 435-3669

April 17, 2018

State Tower Building, LLC
c/o Pioneer Companies
333 West Washington Street, Suite 600
Syracuse, New York 13202
Attn: Mark W. Roney

Re: City of Syracuse Industrial Development Agency
State Tower Building Project
IDA Project No.: 31021604
Sales Tax Appointment Letter

Dear Mr. Roney:

Pursuant to a resolution duly adopted on March 9, 2016, the City of Syracuse Industrial Development Agency (the "***Agency***") appointed State Tower Building, LLC (the "***Company***") the true and lawful agents of the Agency to undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of an interest in approximately 1.2 acres of real property improved by an existing twenty-one (21) story, approximately 211,00 square foot building and garage (the "***Building***") located at 201-19 East Genesee Street & Warren Streets, in the City of Syracuse, New York (the "***Land***"); the renovation of the Building for use as a mixed-use complex including Class A office space and retail on the first 8 floors; approximately 57 market-rate studio, one and two bedroom apartment units on the upper 13 floors; significant façade restoration; and a 100 car on-site parking garage, all located on the Land (the "***Facility***"); (iii) the acquisition and installation in and at the Land and Facility of furniture, fixtures and equipment (the "***Equipment***" and together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from State and local sales and use tax and mortgage recording tax (the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, renovation and equipping of the Project Facility; and (D) the lease of the Land and Facility by the Agency pursuant to a lease agreement and the acquisition of an interest in the Equipment pursuant to a bill of sale from the Company to the Agency; and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

On March 1, 2016, the Agency issued a Sales Tax Appointment Letter (the "***Appointment***"), appointing the Company its agent for the purposes set forth therein and

reflecting the approval of State and local sales and use tax exemption benefits in an amount not to exceed $803,886 (the "***Original Sales Tax Exemption***"). The Appointment was set to expire by its terms on December 31, 2015. The Company previously requested, and the Agency approved, extensions of the Appointment through and including June 30, 2018.

On or about March 8, 2018, the Company requested, and on April 17, 2018 the Agency approved, an extension of the Company's sales tax appointment agent status through and including December 31, 2018 and an increase in the amount of the Original Sales Tax Exemption from $803,886 to **$1,400,000** due to an increase in the remediation costs and various change orders associated with the Project.

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. The total aggregate amount of State and local sales and use tax exemption benefits comprising the Financial Assistance approved by the Agency for the Project Facility shall not exceed **$1,400,000**.

This agency appointment includes the power to delegate such agency, in whole or in part, to a This agency appointment includes the power to delegate such agency, in whole or in part, to a Project operator, contractors, agents, subagents, subcontractors, contractors and subcontractors of such agents and subagents (collectively, "***Additional Agents***"). Additional Agents must be specifically appointed by State Tower in accordance and compliance with the terms of the Agency Lease and the Project Agreement. State Tower hereby agrees to complete "IDA Appointment of Project Operator or Agent for Sales Tax Purposes" (Form ST-60) for itself and each Additional Agent who provide materials, equipment, supplies or services to the Project Facility 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. The Agency's obligation to execute any Form ST-60 relative to an Additional Agent is subject to the satisfaction of the conditions in the Agency Lease relative to such appointments.

State Tower agrees, whenever requested by the Agency, to provide, or cause its Additional Agents whether appointed or not, to provide and certify, or cause to be certified, such information regarding use of local labor, job creation, exemptions from State and local sales and

use tax, real property taxes and mortgage recording taxes and other topics as the Agency from time to time reasonably considers necessary or appropriate, including, but not limited to, such information as to enable the Agency to make any reports required by law or governmental regulation, including but not limited to those required by §875 of the Act.

State Tower acknowledges and agrees that pursuant to Section 875(3) of the Act, and in connection with Agency policy, the Agency shall recover, recapture, receive or otherwise obtain from State Tower the portion of the Financial Assistance (the "***Recapture Amount***") consisting of: (1) (a) that portion of the State and local Sales and Use Tax exemption to which State Tower, or its Additional Agents, was not entitled, which is in excess of the amount of the State and local Sales and Use tax exemption authorized by the Agency or which is for property or services not authorized by the Agency or unrelated to the Project Facility; or (b) the full amount of such State and local Sales and Use Tax exemption, if State Tower fails to comply with a material term or condition regarding the use of the property or services as provided in the Agency Documents; (2) together with any interest or penalties thereon imposed by the Agency or by operation of law or by judicial order or otherwise. The failure of State Tower to promptly pay such Recapture Amount to the Agency will be grounds for the State Commissioner of Taxation and Finance (the "***Commissioner***") to collect the State Sales and Use Taxes from State Tower under Article 28 of the State Tax Law, together with interest and penalties and for the Agency to take, or cause to be taken, any and all action necessary to collect the local portion of the sales tax comprising the Recapture Amount.

Each supplier or vendor should identify the Project Facility on each bill or invoice and indicate thereon which of State Tower or its Additional Agents acted as agent for the Agency in making the purchase.

In order to be entitled to use this exemption, you and each Appointed Additional Agent should present to the supplier or other vendor of materials for the Project Facility, a completed "IDA Agent or Project Operator Exempt Purchase Certificate" (Form ST-123).

In addition, General Municipal Law §874(8) requires you to file an Annual Statement with the New York State Department of Taxation and Finance ("***NYSDTF***") on "Annual Report of Sales and Use Tax Exemptions" (Form ST-340) regarding the value of sales and use tax exemptions you, your Additional Agents 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. In addition, you must provide a copy of the completed Form ST-340 to the Agency within ten (10) days of the date it is due to be filed with the NYSDTF.

The agency created by this letter is limited to the Project Facility, and will expire on the earlier of: (i) **December 31, 2018**, (ii) the issuance of a certificate of occupancy by the City; or (iii) the termination of the Agency Lease. You may apply to extend this agency authority by showing good cause.

This letter is provided for the sole purpose of evidencing, in part, the 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 State Tower shall be the sole party liable thereunder. By acceptance of this letter, the vendor hereby acknowledges the limitations on liability described herein.

Very truly yours

CITY OF SYRACUSE INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Honora Spillane, Executive Director