

**PILOT DEVIATION APPROVAL RESOLUTION
MHMG-KM KINGSTON, LLC PROJECT**

A regular meeting of Ulster County Industrial Development Agency (the "Agency") was convened in public session at the Common Council Chambers, Kingston City Hall, 420 Broadway, Kingston, New York on March 13, 2013 at 8:00 a.m., local time.

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

PRESENT:

David O'Halloran	Chairman
John Morrow	Secretary
Stephen Perfit	Treasurer
Paul Colucci	Assistant Chairman/Assistant Secretary
Mike Horodyski	Assistant Chairman/Assistant Secretary
Robert Kinnin	Assistant Chairman/Assistant Secretary
James Malcolm	Assistant Chairman/Assistant Secretary

ABSENT:

THE FOLLOWING PERSONS WERE ALSO PRESENT:

March Gallagher	Ulster County Director of Business Services
Linda Clark	Office of Business Services
A. Joseph Scott, III, Esq.	Agency and Special Counsel

The following resolution was offered by _____, seconded by _____, to wit:

Resolution No. _____

RESOLUTION AUTHORIZING A DEVIATION FROM THE AGENCY'S UNIFORM TAX EXEMPTION POLICY IN CONNECTION WITH THE PROPOSED PAYMENT IN LIEU OF TAX AGREEMENT TO BE ENTERED INTO BY THE AGENCY IN CONNECTION WITH THE PROPOSED MHMG-KM KINGSTON, LLC PROJECT.

WHEREAS, Ulster County Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 787 of the 1976 Laws of New York, as amended, constituting Section 923 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 manufacturing, warehousing, research, commercial and industrial facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, 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, in December, 2012, MHMG-KM Kingston LLC (the “Company”), a limited liability company duly organized and validly existing under the laws of the State of New York, presented an application (the “Application”) to the Agency, which Application requested that the Agency consider undertaking a project (the “Project”) for the benefit of the Company, said Project to include the following: (A) (1) the acquisition of an interest in an approximately 15 acre parcel of land located at 1561 Ulster Avenue in the Town of Ulster, Ulster County, New York (the “Land”), including the existing improvements located thereon containing approximately 15,000 square feet of space (collectively, the “Existing Facility”), (2) the demolition of the Existing Facility, (3) the construction on the Land of a new 4-story building to contain approximately 84,000 square feet of space (the “Facility”) and (4) the acquisition and installation therein and thereon of certain machinery and equipment (the “Equipment”) (the Land, the Existing Facility, the Facility and the Equipment being collectively referred to as the “Project Facility”), all of the foregoing to be owned by the Company and leased to Mid Hudson Medical Group, P.C. (the “Tenant”) and utilized by the Tenant as medical office space and other directly and indirectly related activities; (B) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real property transfer taxes and mortgage recording taxes (collectively, the “Financial Assistance”); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, pursuant to the authorization contained in a resolution adopted by the members of the Agency on December 12, 2012 (the “Public Hearing Resolution”), the Chief Executive Officer of the Agency (A) caused notice of a public hearing of the Agency pursuant to Section 859-a of the Act (the “Public Hearing”) to hear all persons interested in the Project and the Financial Assistance being contemplated by the Agency with respect to the Project, to be mailed on January 18, 2013 to the chief executive officers of the county and of each city, town, village and school district in which the Project is to be located, (B) caused notice of the Public Hearing to be posted on January 18, 2013 on a bulletin board located at the Town of Ulster Town Hall located at 1 Town Hall Drive in the Town of Ulster, Ulster County, New York, (C) caused notice of the Public Hearing to be published on January 19, 2013 in the Daily Freeman, a newspaper of general circulation available to the residents of the Town of Ulster, Ulster County, New York, (D) conducted the Public Hearing on January 31, 2013, at 7:00 p.m., local time at the Courtroom in the Town of Ulster Town Hall located at 1 Town Hall Drive, in the Town of Ulster, Ulster County, New York, and (E) prepared a report of the Public Hearing (the “Report”) 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”), by resolution adopted by the members of the Agency on March 13, 2013, the Agency (A) concurred in the determination by the Town of Ulster Town Board (the “Town Board”) to act as “lead agency” with respect to the Project and (B) indicated that the Agency had no information to suggest that the Town Board was incorrect in issuing a negative declaration (the “Negative Declaration”) determining that the Project will not have a “significant effect on the environment” pursuant to SEQRA and, therefore, that no environmental impact statement need be prepared with respect to the Project; and

WHEREAS, the Agency's Uniform Tax Exemption Policy (the "Policy") provides a standardized method for the determination of payments in lieu of taxes for a facility similar to the Project Facility. In connection with the Application, the Company made a request to the Agency (the "Pilot Request") that the Agency deviate from the Policy with respect to Project Facility; and

WHEREAS, pursuant to the Policy, the Town of Ulster (the "Town"), the Kingston City School District (the "School District") and Ulster County, through its elected County Legislature (the "County," and together with the Town and the School District, being collectively referred to as the "Affected Tax Jurisdictions") adopted resolutions approving the Pilot Request (the "Deviation Approval Resolutions"), which Deviation Approval Resolutions are attached hereto as Exhibit A; and

WHEREAS, pursuant to Section 874(4) of the Act, the Chief Executive Officer of the Agency caused a letter dated March 1, 2013 (the "Pilot Deviation Notice Letter"), a copy of which Pilot Deviation Letter is attached hereto as Exhibit B, to be mailed to the chief executive officers of the Affected Tax Jurisdictions, informing said individuals that the Agency would, at its meeting on March 13, 2013, consider the Pilot Request with respect to the payment in lieu of tax agreement to be entered into by the Agency with respect to the Project Facility and the reasons for said proposed deviation;

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

Section 1. The Agency hereby finds and determines as follows:

(A) The Agency has considered any and all responses from the Affected Tax Jurisdictions to the Pilot Deviation Letter.

(B) The Agency has reviewed and responded to all written comments received from any Affected Tax Jurisdiction with respect to the proposed deviation.

(C) The Agency has received and reviewed the Deviation Approval Resolutions.

(D) The Agency has given all representatives from an Affected Tax Jurisdictions in attendance at this meeting the opportunity to address the members of the Agency regarding the proposed deviation.

Section 2. Based upon (A) the findings and determinations in Section 1 above, (B) comments received at the Public Hearing, (C) input received at this meeting from the Affected Tax Jurisdictions with respect to the proposed deviation, (D) the Agency's knowledge of the Project and (E) such further investigation of the Project and the effect of the proposed deviation as the Agency has deemed appropriate, the Agency hereby determines to deviate from the Agency's uniform tax exemption policy with respect to the terms of the proposed payment in lieu of tax agreement to be entered into by the Agency with respect to the Project Facility for the reasons set forth in the Pilot Deviation Letter. Based upon the aforementioned, the Agency hereby approves a deviation from the Agency's uniform tax exemption policy, such deviation to be as described in the Pilot Deviation Letter.

Section 3. Upon preparation by counsel to the Agency of a payment in lieu of tax agreement with respect to the Project Facility reflecting the terms of this resolution and the Deviation Approval Resolutions (the "Payment in Lieu of Tax Agreement") and approval of same by the Chairman (or Vice Chairman) of the Agency, the Chairman (or Vice Chairman) of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Payment in Lieu of Tax Agreement, and, where appropriate, the Secretary (or Assistant

Secretary) of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same, all in such form as is approved by the Chairman (or Vice Chairman), the execution thereof by the Chairman (or Vice Chairman) to constitute conclusive evidence of such approval.

Section 4. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Payment in Lieu of Tax Agreement, and to execute and deliver all such additional certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Payment in Lieu of Tax Agreement binding upon the Agency.

Section 5. This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

David O'Halloran	VOTING	_____
John Morrow	VOTING	_____
Stephen Perfit	VOTING	_____
Paul Colucci	VOTING	_____
Mike Horodyski	VOTING	_____
Robert Kinnin	VOTING	_____
James Malcolm	VOTING	_____

The foregoing Resolution was thereupon declared duly adopted.

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

I, the undersigned (Assistant) Secretary of Ulster County Industrial Development Agency (the “Agency”), DO HEREBY CERTIFY that I have compared the foregoing annexed extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on March 13, 2013 with the original thereof on file in my office, and that the same is a true and correct copy of said original and of such Resolution contained therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respects duly held; (C) pursuant to Article 7 of the Public Officers Law (the “Open Meetings Law”), said meeting was open to the general public, and due notice of the time and place of said meeting was duly given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 13th day of March, 2013.

(Assistant) Secretary

(SEAL)

EXHIBIT A
DEVIATION APPROVAL RESOLUTIONS

Resolution No. 28 February 19, 2013

Resolution Approving The Terms And Conditions Of A Certain Pilot Agreement To Be Entered Into Between Ulster County Industrial Development Agency And MHMG-KM Kingston LLC In Connection With The MHMG-KM Kingston LLC Project

Referred to: The Economic Development and Tourism Committee (Chairman Maloney and Legislators Maio, Roberts, Loughran and Wishnick) and The Ways and Means Committee (Chairman Gerentine and Legislators Harris, Maio, Maloney, Gregorius, Provenzano and Rodriguez)

Chairman of the Economic Development and Tourism Committee, James F. Maloney, and Deputy Chairman Peter M. Loughran offer the following:

BE IT ENACTED by the County Legislature of Ulster County, New York (the "County Legislature"), as follows:

WHEREAS, pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended (the "Enabling Act") and Chapter 787 of the 1976 Laws of New York, as amended, constituting Section 923 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act"), the County Legislature has heretofore appointed the Chairman and members of Ulster County Industrial Development Agency (the "Agency") and has duly caused to be filed in the office of the Secretary of State of the State of New York the certificates required by Section 856 of the Act; 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, MHMG-KM Kingston LLC (the "Company") has presented an application (the "Application") to Ulster County Industrial Development Agency (the "Agency"), a copy of which was presented at this meeting and copies of which are on file at the office of the Agency, requesting that the Agency consider undertaking a project (the "Project") consisting of: (A) (1) the acquisition of an interest in an approximately 5 acre portion of an approximately 10.2 acre parcel of land located at 1561 Ulster Avenue in the Town of Ulster, Ulster County, New York (Tax ID# 38.82-2-7.100) (the "Land"), including the existing improvements located thereon containing approximately 15,000 square feet of space (collectively, the "Existing Facility"), (2) the demolition of the Existing Facility, (3) the construction on the Land of a new 4-story building to contain approximately 84,000 square feet of space (the "Facility") and (4) the acquisition and installation therein and thereon of certain machinery and equipment (the "Equipment") (the Land, the Existing Facility, the Facility and the Equipment being collectively referred to as the "Project Facility"),

Resolution No. 28 February 19, 2013

Resolution Approving The Terms And Conditions Of A Certain Pilot Agreement To Be Entered Into Between Ulster County Industrial Development Agency And MHMG-KM Kingston LLC In Connection With The MHMG-KM Kingston LLC Project

all of the foregoing to be owned by the Company and leased to Mid Hudson Medical Group, P.C. (the "Tenant") and utilized by the Tenant as medical office space and other directly and indirectly related activities; (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, in connection with the undertaking of the Project, the Company will execute and deliver a certain payment in lieu of tax agreement (the "PILOT Agreement") by and between the Agency and the Company pursuant to which the Company will agree to pay certain payments in lieu of taxes with respect to the Project Facility; and

WHEREAS, the proposed payment terms of the PILOT Agreement constitute a deviation from the Agency's Uniform Tax Exemption Policy (the "Policy"); and WHEREAS, under Section 8(D) of the Policy, prior to entering into a PILOT Agreement that deviates from the Policy's standard payment terms, the Agency shall (1) notify each affected tax jurisdiction, and (2) attempt to obtain the written consent of all the affected tax jurisdictions; and

WHEREAS, the Agency desires that Ulster County (the "County"), the Town of Ulster, the Kingston City School District, as the affected tax jurisdictions with respect to the Project Facility, adopt resolutions approving the terms of the PILOT Agreement; now, therefore, be it

RESOLVED by the County Legislature of Ulster County as follows:

Section 1. For the purpose of satisfying the requirements contained in Section 8(D) of the Policy, the County Legislature of Ulster County hereby approves the terms and conditions of the PILOT Agreement, including but not limited, to the payment terms. The payment terms to be contained in the PILOT Agreement are substantially described in Schedule A attached hereto.

Resolution No. 28 February 19, 2013

Resolution Approving The Terms And Conditions Of A Certain Pilot Agreement To Be Entered Into Between Ulster County Industrial Development Agency And MHMG-KM Kingston LLC In Connection With The MHMG-KM Kingston LLC Project

Section 2. The Chairman of the Legislature or the Vice Chairman of the Legislature is hereby authorized, on behalf of the County, to execute and deliver the PILOT Agreement, said PILOT Agreement to contain the payment terms substantially in the form thereof presented at this meeting with such changes, variations, omissions and insertions as the Chairman or Vice Chairman of the Legislature shall approve, the execution thereof by the Chairman or Vice Chairman of the Legislature to constitute conclusive evidence of such approval.

Section 3. The officers, employees and agents of the County are hereby authorized and directed for and in the name and on behalf of the County to do all acts and things required or provided for by the applicable provisions of this Resolution in order to ensure compliance with such provisions as they relate to the execution and delivery of the PILOT Agreement, and to execute and deliver all such additional certificates, instruments and documents, 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.

Section 4. This resolution shall take effect immediately,

and moves its adoption.

ADOPTED BY THE FOLLOWING VOTE:

AYES: 21 NOES: 0
(Legislator Briggs left at 10:15 PM)
(Absent: Legislator Lopez)

Passed Committee: Economic Development and Tourism on February 13, 2013

Passed Committee: Ways and Means Committee on February 19, 2013

FINANCIAL IMPACT:
SEE SCHEDULE A

0129

SCHEDULE A

PAYMENT AND ALLOCATION TERMS

The payment terms of the PILOT Agreement are summarized as follows:

A. The term of the PILOT Agreement will be 20 years.

B. The annual amount payable under the PILOT Agreement will be determined by the following formula:

$$A - B = C$$

1. "A" is equal to an amount determined as follows: \$4.00/sq. ft. multiplied by the gross building build-out (based on exterior dimensions). The amount of "A" will increase by 2% each year during the term of the PILOT Agreement.

2. "B" is equal to the total amount of special assessments and special district charges payable by the Company in the year in which the payment in lieu of tax payment is being calculated.

3. "C" is equal to the total amount of payments in lieu of tax payment payable by the Company in a particular.

4. "C" will be allocated each year among the affected taxing jurisdictions pro-rata based on their respective tax rates.

5. The payment in lieu of tax payment will cover amounts due for land and improvements on the project site.

<u>Year¹</u>	<u>Amount</u>	<u>Year¹</u>	<u>Amount</u>
1	\$336,000	11	\$409,582
2	\$342,720	12	\$417,774
3	\$349,574	13	\$426,129
4	\$356,566	14	\$434,652
5	\$363,697	15	\$443,345
6	\$370,971	16	\$452,212
7	\$378,391	17	\$461,256
8	\$385,958	18	\$470,481
9	\$393,678	19	\$479,891
10	\$401,551	20	\$489,489

¹ Year 1 shall mean 201...

Ulster County Legislature} ss.:

I have compared the preceding Resolution, adopted at the Organizational Meeting of the Ulster County Legislature held on Tuesday, February 19, 2013 with the original thereof, on file in this office and do hereby CERTIFY that the same is a correct transcript thereof, and of the whole of said resolution.

WITNESS my hand and seal of the Ulster County Legislature, at the City of Kingston, Ulster County, New York, on this 5th Day of March in the year Two Thousand and Thirteen.



**Fawn A. Tantillo, Deputy Clerk
Ulster County Legislature**

At a meeting of the Town Board of the Town of Ulster held on February 7, 2013, called to order by Supervisor Quigley, and upon roll being called, the following roll was taken:

Present:

TOWN COUNCILMAN JOEL B. BRINK
TOWN COUNCILWOMAN CRIS HENDRICK
TOWN COUNCILMAN ERIC KITCHEN
TOWN COUNCILMAN JOHN MORROW
SUPERVISOR JAMES QUIGLEY 3rd

The following resolution was offered by Councilman John Morrow who moved its adoption, seconded by Councilman Joel B. Brink to wit:

RESOLUTION APPROVING THE TERMS AND CONDITIONS OF A CERTAIN PILOT AGREEMENT TO BE ENTERED INTO BETWEEN ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY AND MHMG-KM KINGSTON LLC IN CONNECTION WITH THE MHMG-KM KINGSTON LLC PROJECT.

WHEREAS, MHMG-KM Kingston LLC (the "Company") has presented an application (the "Application") to Ulster County Industrial Development Agency (the "Agency"), a copy of which was presented at this meeting and copies of which are on file at the office of the Agency, requesting that the Agency consider undertaking a project (the "Project") consisting of: (A) (1) the acquisition of an interest in an approximately 5 acre portion of an approximately 10.2 acre parcel of land located at 1561 Ulster Avenue in the Town of Ulster, Ulster County, New York (Tax ID# 38.82-2-7.100) (the "Land"), including the existing improvements located thereon containing approximately 15,000 square feet of space (collectively, the "Existing Facility"), (2) the demolition of the Existing Facility, (3) the construction on the Land of a new 4-story building to contain approximately 84,000 square feet of space (the "Facility") and (4) the acquisition and installation therein and thereon of certain machinery and equipment (the "Equipment") (the Land, the Existing Facility, the Facility and the Equipment being collectively referred to as the "Project Facility"), all of the foregoing to be owned by the Company and leased to Mid Hudson Medical Group, P.C. (the "Tenant") and utilized by the Tenant as medical office space and other directly and indirectly related activities; (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, in connection with the undertaking of the Project, the Company will execute and deliver a certain payment in lieu of tax agreement (the "PILOT Agreement") by and between the Agency and the Company pursuant to which the Company will agree to pay certain payments in lieu of taxes with respect to the Project Facility; and

WHEREAS, the proposed payment terms of the PILOT Agreement constitute a deviation from the Agency's Uniform Tax Exemption Policy (the "Policy"); and

WHEREAS, under Section 8(D) of the Policy, prior to entering into a PILOT Agreement

that deviates from the Policy's standard payment terms, the Agency shall (1) notify each affected tax jurisdiction, and (2) attempt to obtain the written consent of all the affected tax jurisdictions; and

WHEREAS, the Agency desires that Ulster County, the Town of Ulster (the "Town"), the Kingston City School District, as the affected tax jurisdictions with respect to the Project Facility, adopt resolutions approving the terms of the PILOT Agreement;

NOW, THEREFORE, BE IT RESOLVED by the Town Board of the Town of Ulster as follows:

Section 1. For the purpose of satisfying the requirements contained in Section 8(D) of the Policy, the Town Board of the Town hereby approves the terms and conditions of the PILOT Agreement, including but not limited, to the payment terms. The payment terms to be contained in the PILOT Agreement are substantially described in Schedule A attached hereto.

Section 2. The Town Supervisor is hereby authorized, on behalf of the Town, to execute and deliver the PILOT Agreement, said PILOT Agreement to contain the payment terms substantially in the form thereof presented at this meeting with such changes, variations, omissions and insertions as the Town Supervisor shall approve, the execution thereof by the Town Supervisor to constitute conclusive evidence of such approval.

Section 3. The officers, employees and agents of the Town are hereby authorized and directed for and in the name and on behalf of the Town to do all acts and things required or provided for by the applicable provisions of this Resolution in order to ensure compliance with such provisions as they relate to the execution and delivery of the PILOT Agreement, and to execute and deliver all such additional certificates, instruments and documents, 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.

Section 4. This resolution shall take effect immediately.

SCHEDULE A

PAYMENT AND ALLOCATION TERMS

The payment terms of the PILOT Agreement are summarized as follows: A.

The term of the PILOT Agreement will be 20 years.

B. The annual amount payable under the PILOT Agreement will be determined by the following formula:

$$A - B = C$$

1. "A" is equal to an amount determined as follows: \$4.00/sq. ft. multiplied by the gross building build-out (based on exterior dimensions). The amount of "A" will increase by 2% each year during the term of the PILOT Agreement.

2. "B" is equal to the total amount of special assessments and special district charges payable by the Company in the year in which the payment in lieu of tax payment is being calculated.

3. "C" is equal to the total amount of payments in lieu of tax payment payable by the Company in a particular.

4. "C" will be allocated each year among the affected taxing jurisdictions pro-rata based on their respective tax rates.

5. The payment in lieu of tax payment will cover amounts due for land and improvements on the project site.

A vote was duly taken:

- Town Councilman Brink - Aye
- Town Councilwoman Hendrick - Aye
- Town Councilman Kitchen - Aye
- Town Councilman Morrow - Aye
- Supervisor Quigley - Aye

CARRIED

WHEREUPON, the motion was duly adopted.

KINGSTON CITY SCHOOL DISTRICT

Cioni Administration Building
Sixty-One Crown Street
Kingston, New York 12401-3879

Phone: 845-943-3009

Fax: 845-943-3160

MATTHEW MCCOY

President-Board of Education

mmccoy@kingstoncityschools.org

DR. PAUL J. PADALINO

Superintendent of Schools

ppadalino@kingstoncityschools.org

February 6, 2013

Pilot Approval MHMG-KM Kingston LLC Project
Resolution #2012-BOE61

RESOLUTION APPROVING THE TERMS AND CONDITIONS
OF A CERTAIN PILOT AGREEMENT TO BE ENTERED INTO
BETWEEN ULSTER COUNTY INDUSTRIAL DEVELOPMENT
AGENCY AND MHMG-KM KINGSTON LLC IN CONNECTION
WITH THE MHMG-KM KINGSTON LLC PROJECT.

WHEREAS, MHMG-KM Kingston LLC (the "Company") has presented an application (the "Application") to Ulster County Industrial Development Agency (the "Agency"), a copy of which was presented at this meeting and copies of which are on file at the office of the Agency, requesting that the Agency consider undertaking a project (the "Project") consisting of: (A) (1) the acquisition of an interest in an approximately 5 acre portion of an approximately 10.2 acre parcel of land located at 1561 Ulster Avenue in the Town of Ulster, Ulster County, New York (Tax ID# 38.82-2-7.100) (the "Land"), including the existing improvements located thereon containing approximately 15,000 square feet of space (collectively, the "Existing Facility"), (2) the demolition of the Existing Facility, (3) the construction on the Land of a new 4-story building to contain approximately 84,000 square feet of space (the "Facility") and (4) the acquisition and installation therein and thereon of certain machinery and equipment (the "Equipment") (the Land, the Existing Facility, the Facility and the Equipment being collectively referred to as the "Project Facility"), all of the foregoing to be owned by the Company and leased to Mid Hudson Medical Group, P.C. (the "Tenant") and utilized by the Tenant as medical office space and other directly and indirectly related activities; (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (collectively, the "Financial Assistance"; and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, in connection with the undertaking of the Project, the Company will execute and deliver a certain payment in lieu of tax agreement (the "PILOT Agreement") by and between the Agency and the Company pursuant to which the Company will agree to pay certain payments in lieu of taxes with respect to the Project Facility; and

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WHEREAS, the proposed payment terms of the PILOT Agreement constitute a deviation from the Agency's Uniform Tax Exemption Policy (the "Policy") and

WHEREAS, under Section 8(D) of the Policy, prior to entering into a PILOT Agreement that deviates from the Policy's standard payment terms, the Agency shall (1) notify each affected tax jurisdiction, and (2) attempt to obtain the written consent of all the affected tax jurisdictions; and

WHEREAS, the Agency desires that Ulster County, the Town of Ulster, the Kingston City School District (the "School District"), as the affected tax jurisdictions with respect to the Project Facility, adopt resolutions approving the terms of the PILOT Agreement;

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of the Kingston City School District as follows:

Section 1. For the purpose of satisfying the requirements contained in Section 8(D) of the Policy, the Board of Education of the School District hereby approves the terms and conditions of the PILOT Agreement, including but not limited, to the payment terms. The payment terms to be contained in the PILOT Agreement are substantially described in Schedule A attached hereto.

Section 2. The President of the Board of Education is hereby authorized, on behalf of the School District, to execute and deliver the PILOT Agreement, said PILOT Agreement to contain the payment terms substantially in the form thereof presented at this meeting with such changes, variations, omissions and insertions as the President of the Board of Education shall approve, the execution thereof by the President of the Board of Education to constitute conclusive evidence of such approval.

Section 3. The officers, employees and agents of the School District are hereby authorized and directed for and in the name and on behalf of the School District to do all acts and things required or provided for by the applicable provisions of the Resolution in order to ensure compliance with such provisions as they relate to the execution and delivery of the PILOT Agreement, and to execute and deliver all such additional certificates, instruments and documents, 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

Section 4. This resolution shall take effect immediately.

Ms. Bowers made a motion to adopt the above resolution; seconded by Ms. Scherer. The motion carried unanimously.

Date: 2/7/13

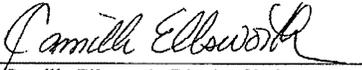
Signed: 
Camille Ellsworth, District Clerk

EXHIBIT B
PILOT DEVIATION LETTER

UCIDA

Ulster County Industrial Development Agency

March 1, 2013

Terry L. Bernardo, Chairman
Ulster County Legislature
244 Fair Street
P.O. Box 1800
Kingston, New York 12402

Mike Hein, County Executive
Ulster County
244 Fair Street
P.O. Box 1800
Kingston, New York 12402

James Quigley, III, Supervisor
Town of Ulster
1 Town Hall Drive
Lake Katrine, New York 12449

Dr. Paul J. Padalino, Superintendent
Kingston City School District
61 Crown Street
Kingston, New York 12401

Matthew McCoy, President
Board of Education
Kingston City School District
61 Crown Street
Kingston, New York 12401

Re: ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
PROPOSED MHMG-KM KINGSTON LLC PROJECT
PILOT Agreement Deviation Letter Notice

Dear Lady and Gentlemen:

Ulster County Industrial Development Agency (the "Agency") adopted a resolution on December 12, 2012 (the "Public Hearing Resolution"), pursuant to which the Agency agreed to accept an application (the "Application") from MHMG-KM Kingston LLC, a New York limited liability company (the "Company") and further agreed, subject to numerous conditions, to consider undertaking a project (the "Project") consisting of the following: (A) (1) the acquisition of an interest in an approximately 15 acre parcel of land located at 1561 Ulster Avenue in the Town of Ulster, Ulster County, New York (the "Land"), including the existing improvements located thereon containing approximately 15,000 square feet of space (collectively, the "Existing Facility"), (2) the demolition of the Existing Facility, (3) the construction on the Land of a new 4-story building to contain approximately 84,000 square feet of space (the "Facility") and (4) the acquisition and installation therein and thereon of certain machinery and equipment (the "Equipment") (the Land, the Existing Facility, the Facility and the Equipment being collectively referred to as the "Project Facility"), all of the foregoing to be owned by the Company and leased to Mid Hudson Medical Group, P.C. (the "Tenant") and utilized by the Tenant as medical office space and other directly and indirectly related activities; (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency.

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In connection with the undertaking of the Project, the Company has asked the Agency to consider entering into a payment in lieu of tax agreement (the "Proposed PILOT Agreement") that would provide, in each tax year during the term of the Proposed PILOT Agreement, for a fixed payment in lieu of tax, such amount to be allocated among the Affected Taxing Jurisdictions (as defined herein) pro-rata based on their respective tax rates. The amount of the fixed payment in lieu of tax amount is based on a formula described on Schedule A attached to this letter. The Proposed PILOT Agreement would not provide any abatements for any special assessments levied on the Project Facility.

The Proposed PILOT Agreement represents a deviation from the Agency's Uniform Tax Exemption Policy (the "Tax Exemption Policy").

Under the terms of the Tax Exemption Policy, the Agency generally requires the project applicant to negotiate the terms of any deviation directly with the Affected Tax Jurisdictions (as hereinafter defined) and to obtain their consents to such deviation. As referenced throughout this letter, the County Legislature of Ulster County, the Town Board of the Town of Ulster, and the Board of Education of the City of Kingston City School District (each of the foregoing entities being collectively referred to hereinafter as the "Affected Tax Jurisdictions") have been contacted by the Company regarding the terms of the Proposed PILOT Agreement, and it is my understanding that each of the Affected Tax Jurisdictions has adopted or is in the process of adopting a resolution approving the terms of the Proposed PILOT Agreement. Further, the terms of the Proposed PILOT Agreement, and the reasons for the Proposed PILOT Agreement, have been fully reviewed and discussed between the Company and the Affected Tax Jurisdictions.

This letter is being delivered to you as required under Section 874 of the General Municipal Law. Under Section 874 of the General Municipal Law, the Agency must notify the Affected Taxing Jurisdictions of any proposed deviation from the Tax Exemption Policy, even if the Affected Taxing Jurisdictions are in the process of or have already approved the proposed deviation.

The purpose of this letter is to inform you of the proposed deviation and to notify you that the Agency is considering the terms of the Proposed PILOT Agreement. The Agency expects to consider whether to approve the terms of the Proposed PILOT Agreement at its meeting scheduled for Wednesday, March 13, 2013 at 8:00 o'clock, a.m., and to be held at the Common Council Chambers, Kingston City Hall, 420 Broadway, in the City of Kingston, Ulster County, New York (the "Meeting").

The Agency will consider the Project and the proposed deviation from the Tax Exemption Policy at the Meeting. The Agency welcomes any written comments that you might have on this action. As noted above, the Affected Tax Jurisdictions are in the process of or have already adopted resolutions approving the terms of the Proposed PILOT Agreement.

In accordance with the Tax Exemption Policy, prior to taking final action at the Meeting, the Agency will review and respond to any written comments received from the Affected Tax Jurisdictions with respect to

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the proposed deviation. The Agency will also allow any representative of the Affected Tax Jurisdictions present at the Meeting to address the Agency regarding the proposed deviation.

If you have any questions regarding the foregoing, please do not hesitate to contact me.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT
AGENCY

By: s/David O'Halloran
Chairman

SCHEDULE A

PAYMENT AND ALLOCATION TERMS

The payment terms of the PILOT Agreement are summarized as follows:

- A. The term of the PILOT Agreement will be 20 years.
- B. The annual amount payable under the PILOT Agreement will be determined by the following formula:

$$A - B = C$$

- 1. "A" is equal to an amount determined as follows: \$4.00/sq. ft. multiplied by the gross building build-out (based on exterior dimensions). The amount of "A" will increase by 2% each year during the term of the PILOT Agreement.
- 2. "B" is equal to the total amount of special assessments and special district charges payable by the Company in the year in which the payment in lieu of tax payment is being calculated.
- 3. "C" is equal to the total amount of payments in lieu of tax payment payable by the Company in a particular.
- 4. "C" will be allocated each year among the affected taxing jurisdictions pro-rata based on their respective tax rates.
- 5. The payment in lieu of tax payment will cover amounts due for land and improvements on the project site.