



**TROY LOCAL DEVELOPMENT CORPORATION
Board of Director
Meeting Minutes**

**March 20, 2015
8:30 a.m.**

BOARD MEMBERS PRESENT: Kevin O’Bryan, Bill Dunne, Dep. Mayor Pete Ryan, Andy Ross and Hon. Ken Zalewski

ABSENT:

ALSO IN ATTENDANCE: Ken Crowe, Selena Skiba, Justin Miller, Sharon Martin, Kevin Mullen, Andrew Piotrowski, Joe Mazzariello, Paul Goetz, Laban Coblentz, Mike Morris, Adam Sanzone and Denee Zeigler

Minutes

The Chairman called the meeting to order at 8:30 a.m

I. Minutes

The board reviewed the minutes from the February 13, 2015 board meetings. Dep. Mayor Pete Ryan noted that spelling of his name was incorrect in last month’s minutes.

**Hon. Ken Zalewski made a motion to approve the minutes with corrections noted above.
Andy Ross seconded the motion, motion carried.**

II. Other Business

Bill Dunne noted that on April 28th at the Arts Center, The Temple University students will be here to present their final projects and the board is invited to attend that event.

III. Draft Audit report by SaxBST

The chairman introduced Paul Goetz of SaxBST to the board. Mr. Goetz advised he will go over the draft copy of the audit report for the Troy LDC. He noted that this is a draft report and will become finalized after the board reviews and approves it. The second thing needed to complete is a representation letter. The representation letter says that the entity was forthright in disclosing all of the requested information. Mr. Goetz noted that all of the reports are due to the ABO by March 31st.

Mr. Goetz noted that on the first two pages of the audit report it shows that the financial statements have received an unmodified opinion, the highest form of assurance an auditor can give. Page three of the report is the statement of net position, the balance sheet of the LDC as of 12/31/14 versus 12/31/13. Mr. Goetz noted the cash balance, assets and loans receivable. He advised that there are two places where the loans receivable are stated; the current portion the principal of what is expected to be received in 2015 and the other is the long term portion which is the amount expected to be received beyond 2016 through maturity. Mr. Goetz noted a couple of significant liabilities; the grants payable section shows the grants approved in 2014 and waiting to be paid in 2015 and the deposits held which is for the sale of 444 River Street. Mr. Goetz noted that the deposit for that property was received two years ago, but just went into the bank this year. He added the property will be closing soon. Mr. Miller advised that it went non-refundable at the end of last year. Mr. Goetz also noted the loans payable section, which is also separated by current and long term. The Chairman asked for clarification about the item listed as 'deferred grant revenue shown as a liability'. Joe Mazzariello noted that it is revenue that is not earned until the grant requirements are fulfilled. Mr. Miller asked if that was the BEDI funds. Mr. Goetz advised yes.

Mr. Goetz went over page 4, the statements of revenues, expenses and changes in net position. Mr. Goetz reviewed the operating revenue and operating expenses. The economic development grants section includes the money used to support the Troy Community Land Bank and the façade grants. Mr. Goetz noted the decrease in net position from last year.

Mr. Goetz advised the board of the footnotes listed on page 9 under loans receivable. He advised that five new loans were issued during 2014 with various terms and maturities and noted that there is always risk of no payment. Mr. Goetz advised that they report the there is an allowance listed for doubtful loans. Note 4, Property held for development and resale carries over to page 10. This note indicates the cost of any of the work done at the King Fuels site. Mr. Goetz advised note 5 breaks down the BEDI loan and expected maturities.

Mr. Mazzariello asked if there should be a note indicating that one of the notes to the City were to be paid off. Mr. Miller advised that it was approved last year, but not paid yet. Mr. Goetz advised that they would include it in the year that it is paid off. The Chairman asked if this is the copy that is posted to the website and sent to the ABO. Mr. Goetz advised yes.

**Dep. Mayor Pete Ryan made a motion to approve the DRAFT audit report as presented by SaxBST.
Andy Ross seconded the motion, motion carried.**

IV. Rare From Brewing additional funding

Mr. Dunne introduced Kevin Mullen, one of the owners of Rare Form Brewing, to the board. Mr. Dunne advised that they received funding from us in the past and are back to ask for additional funding in order to purchase equipment. Mr. Dunne advised the current loan request was \$22,500 and has been modified to \$20,000. Andy Ross asked if the term of the loan would be for 3 years and if we were combining the two loans. Justin Miller

explained that the term is 5 years and a new loan agreement will be drawn up with new securities. Mr. Mullen advised that a 5 year term would be ideal. The funds would be used to purchase additional equipment in order to increase production and keep up with demands. Mr. Ross asked if he is comfortable that the sales will cover the additional loan. Pete Ryan asked if this will help them to double their capacity. He explained that they sell out of what they are making before it is even in the kegs. Mr. Ross asked spoke of his previous business plan that included sales to surrounding areas. Mr. Muller advised they are in all of the top beer bars in Albany and are in a few bars in Saratoga. He advised that he has received requests from other businesses, but is unable to meet the demand currently. Ken Zalewski asked how long they have been open. Mr. Mullen advised they are coming up on their one year anniversary. Mr. Ryan asked if the market is close to being saturated. Mr. Mullen advised that the craft beer market has reached about 10% of the actual beer market. He advised that a lot of the breweries are focusing on smaller towns and it actually works well to have other breweries close by for people to try. People like to come to a town that has more than one to visit. Laban Coblentz added that one of the new services at The Center of Gravity is a sales and distribution service for foreign export. They select medium production companies and market their product to foreign niche markets. The first vertical they selected is American Craft beers. He noted that it used to be that the Americans bought European beers, but now may Europeans are demanded American Craft beer. Mr. Zalewski asked where the current loan stands. Andy Piotrowski advised the board they are current. The Chairman asked if there were any other questions or items to discuss.

Hon. Ken Zalewski made a motion to approve the \$20,000 loan to Rare Form Brewing Company.

Dep. Mayor Pete Ryan seconded the motion, motion carried.

V. Clark House LLC

Mr. Dunne advised that he is waiting for some of the requested information to come in regarding the Clark House LLC and it can be discussed at the next meeting.

VI. Old Business

Justin Miller advised the board they anticipate a closing for 444 River Street by March 31st. Mr. Miller recalled that in January we approved an amendment to the sale contract where they were going to purchase by March and finance a portion of that with the LDC. They requested that the first 18 months of that be interest free. Mr. Dunne added that he has had some conversations with The Vecino Group regarding their financing. He advised that they are ready to proceed but will need assistance to create an application to NYS for tax credits. They are asking us for no interest and payments due for 18 months. The Chairman noted that we will get the \$350,000 up front for the building and there would be a transfer of title which would make them responsible to maintain the building. We would get the remaining balance once financing is in place. Andy Ross advised that there seems to be a good deal for the LDC because we will get the full purchase price for the building and another payment down the road as well as having them pay the taxes and maintain the building. Mr. Miller added that if for some reason the project does not happen within the two years, the building

will revert back to the LDC. Mr. Dunne advised that they have money invested in the building. Ken Zalewski advised that we have been maintaining the building and asked if they have invested other funds into the building. The Chairman advised yes. Mr. Ross advised architect and engineer costs. The Chairman asked if there were any other questions from the board. Ken Zalewski asked about the timeframe of the project. Mr. Miller advised that there will be no interest or payments for 18 months and 30 months for project to be completed. He added that the timing follows the NYS tax credit application process. Pete Ryan noted the progress of the Hudson Art House and how quickly that moved along once financing was in place. (See attached LDA)

**Dep. Mayor Pete Ryan made a motion to approve the amended LDA for 444 River Street.
Andy Ross seconded the motion, motion carried.**

VII. Freelot

Mr. Miller reminded the board that at the last meeting authorization was given to negotiate a lease surrender agreement from Freelot, a tenant on the King Fuels site. He advised that he has a signed agreement and he is looking for a motion to execute the lease surrender agreement and authorize lease surrender payments. Mr. Miller advised the costs, for the most part, are for relocation fees. By closing out their lease two years early, National Grid will be able undertake their remediation and the tenant will not be disturbed during the process. Ken Zalewski asked for a recap of the process. Mr. Miller spoke about the background of the Freelot lease over the past few years. He advised that this will waive off some of the rents due and a series of payments that will assist them in relocating their equipment. They will be out by June 1st of this year. Mr. Ross asked if we know where they are moving to, will it be in Rensselaer County. Mr. Ryan asked if we will be checking the site before we pay them. Mr. Miller advised that NYS DEC may be able to inspect the site before we issue the final payment. Mr. Dunne added we will make sure we have staff monitor the site. (See attached Settlement Agreement)

**Bill Dunne made a motion to authorize the surrender, settlement and mutual release agreement with Freelot Steel Corp. and E-Lot Electronics Recycling Inc.
Dep. Mayor Pete Ryan seconded the motion, motion carried.**

VIII. Financials

Joe Mazzariello handed out a draft copy of the PARIS report to the board members. He advised they will be reviewed and sent over the NYS by March 31st. Mr. Mazzariello advised it is compromised of the Mission statement, accomplishments, budget and the official PARIS report. The Chairman wanted to make sure this report is complete and reviewed before it is submitted on March 31st. Mr. Mazzariello passed out a copy of the procurement report.

Mr. Mazzariello reviewed the current financials of the LDC noting the current assets, \$25,000 being held for a parking study, the restricted cash from the BEDI and restricted cash for \$20,000 for a building deposit. He noted

accounts receivable, fixed assets and pre-paid expenses. The next section discusses was the liabilities section and accounts payable. Mr. Mazzariello advised that the deferred revenue is the unused BEDI funds which will be zero by the end of this year. He noted the detailed income and expense statement and the receivables. The Chairman asked if there were any questions.

Bill Dunne made a motion to accept the financials as presented.

Andy Ross seconded the motion, motion carried.

IX. New Business

Mr. Dunne advised that there are two items to discuss for new business.

Union Station Clock - The first item is a piece of Troy's history that has come up for auction which was sent to the board members for review. Mr. Dunne advised it is the clock that used to be at Troy's Union Station. He advised that it is about to go up for auction in NYC through a company called Urban Archeology. Mr. Dunne advised he has reached out to them and the auction house to see if there was a way to acquire the piece. He advised that the estimated price is \$60,000-\$80,000 and has asked them if they would be interested in donating to the LDC as a tax write off. Mr. Dunne asked if there was any interest by the board to pursue. The Chairman commented that it seems like a wonderful opportunity for the preservation community to try and purchase the clock. It is not something that falls within the LDC's mission statement. Mr. Dunne advised he has reached out to them, but unfortunately it will probably be auctioned off to another entity. The board agreed that it will be a shame to lose it, but it is outside our mission statement.

Laban Coblentz, Center of Gravity – Mr. Coblentz wanted to give an update about The Center of Gravity and also thank the board for their initial loan and grant then support for Gloabal Citizen that helped get them to the next phase. He advised that the LDC has been a great partner and wanted to thank Bill Dunne and the rest of the board for being consistently involved in the process.

Mr. Coblentz advised that we were awarded funding in 2013 and are currently going through the approval process. He added that they received a \$250,000 National Grid grant and recently signed on a business for a naming opportunity.

Mr. Coblentz wanted to address the question of imitation and whether or not it detracts from Troy. He advised that inquiries come in from surrounding areas in New York State and a few in North Carolina asking how to imitate this, but Troy will always be the flagship. There are many places that want to re-create this in their cities. Mr. Coblentz advised recently that someone from the National Institute of Technology visited recently and wanted to know how they could imitate this program on a national level. RPI also has us featured on their panel of a very prestigious conferences of the year, The Advanced Manufacturing Conference. We are seeing three main aspects of economic development happening; Main Street revitalization, support and training. The fourth aspect that we will continue to work on is retention of young professionals. Mr. Coblentz also noted that they are working on a space

called the Thinkubator, a kid's maker space that will be imbedded there. He also noted that they are partnering with the Workforce Development Institute that works with the labor unions and business. They are working on a couple of major projects with them to help create training programs for higher level jobs. Mr. Ryan asked what the timeframe of the building will be. Mr. Coblentz advised that the completion date should be sometime towards the end of next month. He advised that there is some loan paperwork that they are also working to finalize. He will let us know the completion date and ribbon cutting ahead of time.

X. Adjournment

The Chairman thanked Mr. Coblentz for his update and asked if there was any other business to discuss. With no other items, the meeting was adjourned at 9:30 a.m.

**Bill Dunne made a motion to adjourn the meeting.
Dep. Mayor Pete Ryan seconded the motion, motion carried.**

**FIRST AMENDMENT TO LAND DISPOSITION AGREEMENT WITH
LICENSE AND EXCLUSIVE OPTION**

THIS FIRST AMENDMENT TO LAND DISPOSITION AGREEMENT WITH LICENSE AND EXCLUSIVE OPTION (hereinafter, the "Agreement"), dated as of the 14 day of January, 2015, by and between the **TROY LOCAL DEVELOPMENT CORPORATION**, a not-for-profit local development corporation duly existing under the laws of the State of New York (the "State") with offices at 433 River Street, 5th Floor, Troy, New York 12180 (the "Corporation") and **VECINO GROUP NEW YORK, LLC**, a foreign limited liability company duly formed and validly existing under the laws of the State of Missouri and authorized to do business in the State with offices at 305 W. Commercial Street, Springfield, Missouri 65803 (the "Company").

WITNESSETH:

WHEREAS, pursuant to Sections 402 and 1411 of the Not-For-Profit Corporation Law ("N-PCL" or the "LDC Act") of the State of New York, the Corporation was established as a domestic, not-for-profit corporation on November 29, 1988, and thereafter reincorporated as a domestic, not-for-profit local development corporation pursuant to N-PCL Section 1411(h) pursuant to a certain Certificate of Reincorporation filed on April 5, 2010 (the "Certificate"), all for certain charitable and public purposes, among other things, including relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding the City of Troy, New York (the "City") by attracting new industry to the City or by encouraging the development of, or retention of, an industry in the City, and lessening the burdens of government and acting in the public interest; and

WHEREAS, reference is made to a certain Land Disposition Agreement with Exclusive option and License, dated as of December 21, 2014 (the "LDA"), by and between the Corporation and 444 River Lofts, LLC (the "Assignor"); and

WHEREAS, the Assignor previously requested a secured the Corporation's approval of two (2) allowable extensions to the Development Term, as defined within the LDA, which expired on December 21, 2014; and

WHEREAS, the Assignor and Company have also requested the Corporation's approval of (i) the amendment of certain terms of the LDA, as outlined herein; (ii) the assignment of the LDA from the Assignor to the Company, and (iii) the revision of the Project, as defined within the LDA to read as follows:

(A) the acquisition of the Primary Property and certain Secondary Properties (as defined herein) from the Corporation; (B) the planning, design, rehabilitation, construction, reconstruction and renovation of the Primary Improvements and upon the

Primary Property and Secondary Properties of a mixed-use commercial facility that will include (i) 75 units of residential apartments, with 18 of such units to be leased to households that, in accordance with the Internal Revenue Code of 1986, as amended (the "Code") and applicable regulations promulgated by the United States Department of Housing and Urban Development ("HUD") and New York State Housing Finance Agency ("HFA") and/or Division of Housing and Community Renewal ("DHCR"), have no more than 90% of area median income, (ii) commercial and retail spaces on the first floor along with related amenities, along with renovations to the building structure, common areas, kitchen areas, laundry areas, heating systems, plumbing, roofs, elevators, windows, and other onsite and offsite parking, curbage and infrastructure improvements (collectively, the "Improvements"); (C) the acquisition and installation in and around the Primary Property, Secondary Properties and Improvements of certain machinery, equipment and other items of tangible personal property (the "Equipment", and collectively with the Primary Property, Secondary Properties, Improvements and the Equipment, the "Facility").

WHEREAS, in furtherance of the foregoing, the Corporation, by resolution adopted January 9, 2015, authorized (i) the amendment of certain terms of the LDA, as outlined herein, including the transfer of title to the Primary Property and certain of the Secondary Properties (88 King Street) prior to commencement of the Project; (ii) the assignment of the LDA from the Assignor to the Company, and (iii) the revision of the Project description to read as outlined herein; and (iv) the execution and delivery of a First Amendment to the LDA, along with a Deed and related documents to effectuate the foregoing.

NOW THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto formally covenant, agree and bind themselves as follows:

ARTICLE I REPRESENTATIONS AND COVENANTS

Section 1.1. Representations and Covenants of the Corporation.

The Corporation makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Corporation is a duly established and existing not-for-profit, local development corporation organized pursuant to the LDC Act and pursuant to the LDC Act and the Certificate, the Corporation has the power to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. The Corporation has the authority to take the actions contemplated herein under the Act.

(b) The Corporation is the fee owner of the Primary Property and that portion of the Secondary Properties known as 88 King Street, and has duly authorized the execution and delivery of this Agreement.

(c) Pursuant to the terms hereof, it is contemplated that the Corporation will transfer to the Company title to the Primary property and Secondary Properties and the Company will undertake the Project, all for the purpose of promoting the industry, health, welfare, convenience and prosperity of the inhabitants of the State and the City, and improving their standard of living.

(d) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of the LDC Act or of any corporate restriction or any agreement or instrument to which the Corporation is a party or by which it is bound, or will constitute default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the Corporation under the terms of any such instrument or agreement.

(e) The Corporation has been induced to enter into this Agreement by the undertaking of the Company to undertake the timely performance of the Project, as defined herein.

Section 1.2. Representations and Covenants of the Company.

The Company makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Company (i) is a foreign limited liability company duly formed and validly existing under the laws of the State of Missouri, (ii) has the authority to undertake business in the State and enter into this Agreement, and (iii) has duly authorized the execution and delivery of this Agreement.

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Company is a party or by which it is bound, or will constitute a default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the Company under the terms of any such instrument or agreement.

(c) The Project will not result in the removal of a civic, commercial, industrial, or manufacturing plant of the Company or any other proposed occupant of the Project from one area of the State to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project located within the State; and the Corporation hereby finds that,

based on the Company's Proposal, to the extent occupants are relocating from one plant or facility to another, the Project is reasonably necessary to discourage the Project occupants from removing such other plant or facility to a location outside the State and/or is reasonably necessary to preserve the competitive position of the Project occupants in their respective industries.

(d) The Project-related activities of the Company will conform with all applicable zoning, planning, building and environmental laws and regulations of governmental authorities having jurisdiction over the Facility, and the Company shall defend, indemnify and hold the Corporation harmless from any liability or expenses resulting from any failure by the Company to comply with the provisions of this subsection (d).

(e) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or, to the knowledge of the Company, threatened against or affecting the Company, to which the Company is a party, and in which an adverse result would in any way diminish or adversely impact on the Company's ability to fulfill its obligations under this Agreement.

(f) The Company hereby ratifies the assumption of all rights and obligations of Assignor within the LDA, as amended hereby, as set forth within that certain Assignment of Land Disposition Agreement, dated as of December 1, 2014 and acknowledged by the Corporation.

ARTICLE II DISPOSITION OF PROPERTY; DEVELOPMENT RIGHTS, OPTION AND CONSIDERATION

Section 2.1. The description of the Project, as defined within the LDA, is hereby amended to read as follows:

(A) the acquisition of the Primary Property and certain Secondary Properties (as defined herein) from the Corporation; (B) the planning, design, rehabilitation, construction, reconstruction and renovation of the Primary Improvements and upon the Primary Property and Secondary Properties of a mixed-use commercial facility that will include (i) 75 units of residential apartments, with 18 of such units to be leased to households that, in accordance with the Internal Revenue Code of 1986, as amended (the "Code") and applicable regulations promulgated by the United States Department of Housing and Urban Development ("HUD") and New York State Housing Finance Agency ("HFA") and/or Division of Housing and Community Renewal ("DHCR"), having no more than 90% of area median income, (ii) commercial and retail spaces on the first floor along with related amenities, along with renovations to the building structure, common areas, kitchen areas, laundry areas, heating systems, plumbing, roofs, elevators, windows, and other onsite and offsite parking, curbage and infrastructure improvements (collectively, the "Improvements"); (C) the acquisition and installation in and around the Primary Property, Secondary Properties and Improvements of certain machinery,

equipment and other items of tangible personal property (the "Equipment", and collectively with the Primary Property, Secondary Properties, Improvements and the Equipment, the "Facility").

Section 2.2 Transfer of the Primary Property and 88 King Street. Notwithstanding the Express Contingencies as set forth within the LDA, the Corporation and Company hereby agree that the Company shall take title to the Primary Property and 88 King Street from the Corporation on or before March 31, 2015 (the "Transfer"), such Transfer being intended for the exclusive purpose of allowing the Company (and/or the Company as General Partner acting by and through any limited liability company and/or Limited Partnership established for purposes of owning, improving and maintaining the Project, and collectively, any "Project Owner") to undertake the Project, as defined herein. In exchange for the Transfer, the Company shall pay to the Corporation a total the sum of \$650,000.00, plus tax pro-rations and all closing costs and expenses associated with the Transfer, plus all outstanding Corporation legal fees associated with the Project (and collectively, the "Purchase Price"). The Corporation acknowledges the Deposit previously tendered with the LDA, which may be utilized as a credit against the Purchase Price. The Company may finance up to \$300,000.00 of the Purchase Price through the execution of a Purchase Money Mortgage executed in favor of the Corporation (the "Mortgage") and securing the Primary Property and 88 King street. The Mortgage shall (i) carry an interest rate of 4.25% and secure up to \$300,000.00 in purchase money funding payable to the Corporation, (ii) secure the obligations of the Company to timely undertake the Project, as defined herein, (iii) carry a maximum term of thirty (30) months, and (iv) include such terms and provisions as authorized by the Executive Director and Counsel to the Corporation. At Closing, the Corporation shall deliver to the Company a Bargain and Sale Deed with Covenant Against Grantor's Acts for the Primary Property and 88 King Street (the "Deed"). The Company shall be responsible for acquisition of all other Secondary Properties from the City of Troy or otherwise. Upon acceptance of the Deed, the Company shall waive all obligations of the Corporation contained within the LDA, as amended hereby.

Section 2.3 Restrictive Covenant and Development Requirements. The Company, for itself, all current and prospective members of the Company, and on behalf of any Project Owner, and any successor or assign of the Company with respect to the Primary Property and 88 King Street, hereby acknowledges and agrees that (i) the Primary Property and 88 King Street shall be utilized exclusively for the limited purpose of undertaking the Project and for no other purpose; (ii) the Primary Property and 88 King Street shall be owned and operated by the Company in accordance and compliance with all applicable laws and regulations; and (iii) the Company and/or Project owner shall commence construction of the Project no later than Thirty (30) months from the date of the Transfer. The foregoing restrictive covenant and development requirements shall be contained within the Deed and Mortgage and survive the Closing.

Section 2.5. Fees and costs. The Company shall pay for the legal costs of the Corporation in connection with this Agreement and the Transfer.

ARTICLE III
TIDA FINANCIAL ASSISTANCE AND PILOT PROVISIONS

Section 3.1. Troy Industrial Development Authority ("TIDA") - Financial Assistance. The Company shall submit a revised Application for Financial Assistance to TIDA on or before the date of the Transfer.

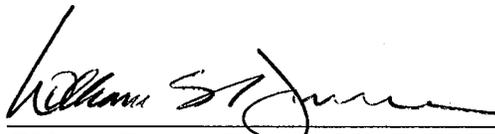
ARTICLE IV
POST CLOSING CONSIDERATION

Section 4.1. As additional consideration in exchange for the Transfer, the Company, for itself and on behalf of any Project Owner, and any successor or assign of the Company with respect to the Primary Property and 88 King Street, hereby agree as follows:

- (i) The Company shall insure the Primary Property for casualty and liability purposes from the Transfer through and including the commencement of construction for the Project. The Company shall provide the Corporation with proof of insurance coverage.
- (ii) The Company shall maintain, and as necessary, repair the Primary Property, including general maintenance and repair of building envelope, roof and mechanical systems in substantially the same standard as exists as of the date of the Transfer. The Company shall cause the Primary Property to be secured and the exterior sidewalks and areas kept free from snow and ice accumulations.

IN WITNESS WHEREOF, the Corporation and the Company have caused this Agreement to be executed in their respective names, all as of the date first above written.

TROY LOCAL DEVELOPMENT
CORPORATION

By: 
William Dunne, Executive Director

VECINO GROUP NEW YORK, LLC

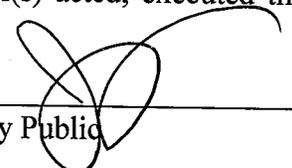
By: 
Name: Richard Manzardo
Title: Authorized Member

State of New York)
)
County of Rensselaer) ss.:

On the 14 day of January in the year 2015 before me, the undersigned, personally appeared **William Dunne**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

JUSTIN S. MILLER
Notary Public, State of New York
No. 02MI6020242
Qualified in Albany County
Commission Expires June 8, 2015

Notary Public

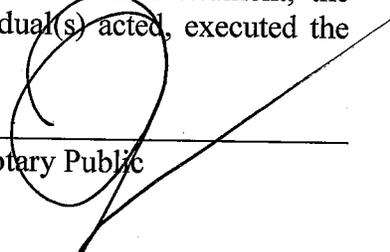


State of New York)
)
County of Rensselaer) ss.:

On the 14 day of January in the year 2015 before me, the undersigned, personally appeared **Richard Manzardo**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

JUSTIN S. MILLER
Notary Public, State of New York
No. 02MI6020242
Qualified in Albany County
Commission Expires June 8, 2015

Notary Public



SURRENDER, SETTLEMENT AND MUTUAL RELEASE AGREEMENT

This Surrender, Settlement and Mutual Release Agreement (the "Settlement Agreement"), dated as of the 1st day of March, 2015, is made by and among **FREELOT STEEL CORP.** a New York corporation having an address of PO Box 8, Watervliet, New York 12189 ("Freelot") and **E-LOT ELECTRONICS RECYCLING, INC.** a New York corporation having an address of 8000 Main Street, Troy, New York 12180 ("E-Lot" and collectively with Freelot, "Tenant") and **TROY LOCAL DEVELOPMENT CORPORATION**, a New York not-for-profit corporation having an address of 433 River Street, 5th Floor, Troy, New York 12180 ("Landlord").

The Landlord and Tenant are collectively referred to herein as the "Parties."

WHEREAS, pursuant to an Amended and Restated Lease Agreement dated February 26, 2010 as amended by Amendment No. 1 to the Amended and Restated Lease Agreement dated January 1, 2011 (hereinafter the "Lease Agreement"), the Tenant leases from the Landlord premises located at 8000 Main Street, First Floor, Troy, New York 12180, including the exterior area as more particularly described on the attached Map A-1 and Map A-2 ("Premises") for a term expiring on June 30, 2017 with an option to renew in five year increments starting July 1, 2017 and extended until June 30, 2031; and

WHEREAS, a certain dispute (the "Dispute") has arisen among the Parties hereto relating to an alleged breach of Paragraphs 4, 13, 18, 19 and 26 of the Lease Agreement by Tenant; and

WHEREAS, on March 27, 2014 the Landlord commenced an action against the Tenant pursuant to the Real Property Actions & Proceedings Law Sections 711(1) and (2) in Troy City Court for the possession of the Premises, a warrant of eviction to remove Tenant from possession of the Premises, a monetary judgment and the cost, interest and disbursements associated with this proceeding including attorneys' fees (Index No. 141007); and

WHEREAS, the Parties hereto have agreed to resolve the dispute through the execution and delivery this Surrender, Settlement and Mutual Release Agreement and Stipulation of Discontinuance each dated as of the date hereof (the "Agreements"); and

WHEREAS, by this Settlement Agreement, and through the Agreements, the Parties desire mutually to resolve amicably the Dispute and discontinue the action commenced in Troy City Court Index No. 141007 including any and all counterclaims and/or cross-claims between the Parties; and

NOW, THEREFORE, in consideration of the above recitals, each of which is incorporated herein by this reference, and in consideration of the following terms, covenants, representations, and undertakings herein, and other good and valuable consideration, the receipt, adequacy and sufficient of which are hereby acknowledged, it is agreed to as follows:

1. Agreement by Parties, Agreements and Settlement Payment. Upon the execution of the Agreements the Parties agree as follows:

a. The Parties hereby mutually agree that the Parties have elected to surrender and cancel and terminate the Lease as of June 1, 2015 (the "Termination Date").

b. The Lease Agreement shall terminate upon the earlier of (i) the date the Tenant vacates and surrenders the Premises to the Landlord or (ii) on the Termination Date.

c. Tenant shall vacate and surrender the Premises to the Landlord on or before June 1, 2015 in broom swept condition with all equipment and materials removed from the Premises. Provided, however, Tenant shall be responsible to remove from the exterior portion of the Premises only the following: (1) County Waste containers; (2) three trailers on site used for storage; (3) roll off containers identified with a Plan It Waste decal; (4) equipment acquired from Material Recovery Company; and (5) items of scrap metal on the ground.

d. Tenant shall properly recycle or dispose of all Hazardous Waste and Hazardous Substance placed on, in or around the Premises as a result of Tenant's operations. Such removal shall be in accordance with applicable Federal and State Regulations. Upon reasonable notice to Tenant, Landlord shall have the right to inspect the premises and to invite DEC to such inspection. In the event Hazardous Waste and Hazardous Substances were not properly disposed of by Tenant as determined by DEC, Tenant at its sole costs and expense, shall be responsible to rectify such disposal and removal issues.

e. The Landlord hereby waives any and all outstanding rental payments, late fees and additional rents required pursuant to the Lease Agreement and hereby waives the rental payments, late fees and additional rental payments that would otherwise become due from the date of this Agreement to June 1, 2015.

f. The Landlord shall pay the Tenant Sixty Thousand Dollars (\$60,000) for relocation expenses as follows:

(i) Upon execution of this Settlement Agreement, and the Stipulation of Discontinuance by the Parties, the Landlord shall pay Tenant Eighteen Thousand Dollars (\$18,000) as an advanced relocation payment.

(ii) Upon presentation to the Landlord by Tenant of third party contractor invoices marked "paid" for the relocation of a piece of equipment known as the "Balcan", the Landlord will directly reimburse Tenant against such "paid" invoices up to Twenty Thousand Dollars (\$20,000).

(iii) The remaining Twenty-Two Thousand Dollars (\$22,000) will be paid to the Tenant by the Landlord within Fifteen (15) days of Tenant vacating and surrendering the Premises to the Landlord in accordance with this Settlement Agreement ("Final Payment").

g. In the event the Tenant vacates and surrenders the Premises to the Landlord prior to June 1, 2015, the Landlord shall pay a sum to the Tenant in an amount equal to

the daily pro-rated rental rate for each day prior to June 1, 2015 that the Premises have been vacated and left in broom swept condition with all equipment and materials removed from the Premises. Such additional payment, if any, shall be included and paid by Landlord with the Final Payment.

h. The Dispute is hereby resolved and the Parties or their respective attorneys, as may be appropriate, shall execute and file the Stipulation of Discontinuance in relation to the legal proceeding filed in Troy City Court Index No. 141007.

2. THIS SECTION INTENTIONALLY LEFT BLANK

3. THIS SECTION INTENTIONALLY LEFT BLANK

4. Mutual Releases and Limited Indemnification.

a. Tenant does hereby release, discharge and acquit the Landlord, and any of its respective present, former or future representatives, predecessors, successors, heirs, assigns, parent companies, subsidiaries, officers, directors, employees, executors, agents, attorneys, and all persons acting by, through, under or in concert with them, for any and all manner of action or actions, cause or causes of action, in law or in equity, of any nature whatsoever, for damages or costs including, without limitation, attorneys fees, or otherwise, known or which should have been known, based upon, arising from, or in any way connected with or related to the Dispute, except as may be set forth in this Settlement Agreement.

b. The Landlord does hereby release, discharge and acquit Tenant, and any of its respective present, former or future representatives, predecessors, successors, heirs, assigns, parent companies, subsidiaries, officers, directors, employees, executors, agents, attorneys, and all persons acting by, through, under or in concert with them, for any and all manner of action or actions, cause or causes of action, in law or in equity, of any nature whatsoever, for damages or costs including, without limitation, attorneys fees, or otherwise, known or which should have been known, based upon, arising from, or in any way connected with or related to the Dispute, except as may be set forth in this Settlement Agreement.

5. No Admission of Liability. The Parties agree and acknowledge that this Settlement Agreement is executed for the sole purpose of resolving the Dispute and any related contested claims, and avoiding the substantial costs, expenses and uncertainties associated with such disputes, and any potential litigation. It is agreed and acknowledged that neither the execution nor performance of any of the terms of this Settlement Agreement shall constitute or be construed as an admission by the Parties of any liability, or that any of the claims or counterclaims included in, resulting from or relating to the Settlement Agreements has any merit.

6. Warranties. As part of the consideration for the payment of the aforementioned sums and the releases as set forth above, the Parties hereto have expressly WARRANTED and REPRESENTED and do hereby for themselves and their respective predecessors, successors, assignors, assignees, beneficiaries, trustees, parents, members, partners, affiliates, subsidiaries,

dealers, shareholders, directors, officers, employees, agents, insurers, attorneys and legal representatives expressly WARRANT and REPRESENT to each other:

- a. They are making this Settlement Agreement voluntarily;
- b. They are the current and sole owner of all the claims and causes of action that are or could be asserted against one another and they have not assigned, pledged, sold or transferred any right, title, or interest in such claims or causes of action that it had, has or may have against each other;
- c. They have fully informed themselves of the terms, contents, conditions and effects of this Settlement Agreement and have had the opportunity to consult legal counsel of their choice in connection with this Settlement Agreement;
- d. They are fully authorized to enter into this Settlement Agreement;
- e. In making this settlement, no promise or representation of any kind has been made to them, except as expressly stated in this Settlement Agreement or the exhibits hereto and they are not relying on any representation or statement not expressly stated in this Settlement Agreement; and
- f. They have relied solely and completely upon their own judgment in making this release and fully understand that this is a full, complete and final release as to each of the Parties.

7. Adequate Consideration and Fair Value. The Parties agree, covenant, represent and warrant that there is sufficient and adequate consideration being received and fair value being provided by the Parties for entering into this Settlement Agreement, and that this Settlement Agreement is being entered into knowingly, voluntarily, without mental reservation, with no purpose of evasion, and with the intent to be legally bound hereby, without coercion of any kind, in part to remove the uncertainty and expenses of additional negotiations and possible future litigation, and with an adequate opportunity for and the actual benefit of the assistance and advice of legal counsel.

8. Waiver or Amendment. No breach of any provision of this Settlement Agreement can be waived unless done in writing. Waiver of any one breach shall not be deemed a waiver of any other breach of the same or other provisions of this Settlement Agreement. This Settlement Agreement may be amended only by written agreement executed by all of the Parties.

9. Severability. In the event any of the provisions of this Settlement Agreement are deemed to be invalid and unenforceable, those provisions shall be severable from the remainder of this Settlement Agreement.

10. Entire Agreement. The Parties agree and acknowledge that no promise, inducement, or agreement not herein expressed has been made to them or any of their

representatives, as this Settlement Agreement constitutes the entire agreement between the Parties.

11. Nonreliance. The Parties expressly assume any and all risks that the facts and law may be different from the facts and law as known to, or believed to be, by each such party as of the date of this Settlement Agreement, and agree and understand that this Settlement Agreement shall be effective and enforceable according to its terms herein even if the facts and/or law turn out to be different than each party hereto knows or believes them to be as of the date hereof.

12. Acknowledgment of Legal Advice. The Parties agree and acknowledge that they enter into this Settlement Agreement after consultation with their attorneys, that their attorneys have explained the terms of this Settlement Agreement, and that they fully understand and voluntarily accept the terms of this Settlement Agreement.

13. Counterparts. This Settlement Agreement may be executed in counterparts and by facsimile, each of which shall be deemed an original, but all of which together shall constitute an agreement.

14. Rule of Construction. The Parties and their respective counsel have reviewed this Settlement Agreement and agree that any rule of construction that would require an ambiguity, if any, in this Settlement Agreement to be construed against the drafter shall not be employed in the interpretation of this Settlement Agreement.

15. Choice of Law, Jurisdiction and Venue. The Parties agree and acknowledge that this Settlement Agreement shall be exclusively construed under, and interpreted in accordance with, the laws of the State of New York. The Parties hereby consent and subject themselves to the exclusive jurisdiction of Courts of the State of New York and to the venue of the Courts in the County of Rensselaer, New York.

16. Use of Headings. The Parties agree and acknowledge that all headings contained in this Settlement Agreement are used solely for the convenience of the Parties and are not to be interpreted as part of this Settlement Agreement.

17. Successors. This Settlement Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the Parties and their respective successors, administrators, trustees, executors and assigns.

18. Authority of Signatures. The individuals signing this Settlement Agreement represent and warrant that they have the authority to sign this Settlement Agreement.

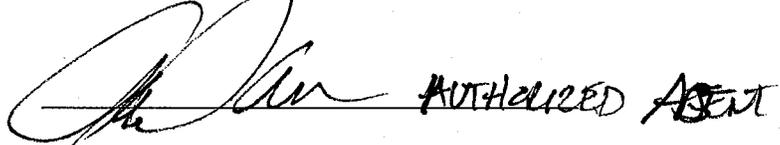
[signature pages follow]

WE, THE UNDERSIGNED, HEREBY CERTIFY THAT WE HAVE READ THIS ENTIRE SURRENDER, SETTLEMENT AND MUTUAL RELEASE AGREEMENT AND HAVE HAD THE TERMS USED HEREIN AND THE CONSEQUENCES THEREOF EXPLAINED BY OUR RESPECTIVE ATTORNEYS. WE FULLY UNDERSTAND ALL THE TERMS AND CONSEQUENCES OF THIS SURRENDER, SETTLEMENT AND MUTUAL RELEASE AGREEMENT AND BASED UPON SUCH, EXECUTE IT.

FREELOT STEEL CORP.

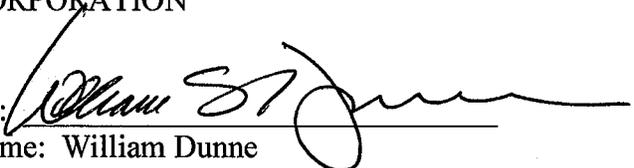


E-LOT ELECTRONICS RECYCLING, INC.



AUTHORIZED AGENT

TROY LOCAL DEVELOPMENT
CORPORATION

By: 
Name: William Dunne
Title: Director

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

On the 12 day of March in the year 2015 before me, the undersigned, personally appeared Anthony Dawson, 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 signatures on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Matthew McElligott
Notary Public

Matthew McElligott
Notary Public, State of New York
Qualified in Rensselaer County
No. 01MC6003099
Commission Expires 02/23/2018

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

On the 12 day of March in the year 2015 before me, the undersigned, personally appeared Maxis Freedman, 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 signatures on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Matthew McElligott
Notary Public

Matthew McElligott
Notary Public, State of New York
Qualified in Rensselaer County
No. 01MC6003099
Commission Expires 02/23/2018

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

On the 20 day of March in the year 2015 before me, the undersigned, personally appeared **William Dunne**, 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 signatures on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

JUSTIN S. MILLER
Notary Public, State of New York
No. 02MIG020242
Qualified in Albany County
Commission Expires June 8, 2015

Justin S. Miller
Notary Public