Summary of Relevant Facts

Presentation to the Syracuse Industrial Development Agency
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Destiny USA Respectfully Requests an Expedited Special Meeting with the SIDA Board to Finalize all Remaining Items
A History of Success

Five years ago, County Executive Nick Pirro approached Pyramid about expanding Carousel Center. Since that time, unprecedented resources and effort has been spent putting the Destiny USA project together. In 2002, SIDA was authorized by the City and County to act as lead agency on the project. Ordinances and Resolutions have laid out the legal requirements necessary for Destiny. According to independent legal counsel and Onondaga County, those requirements have been met. SIDA, in good faith, must comply with the ordinance and move the project forward by executing the construction financing and issuing the PILOT Bonds.

Destiny USA, as a Pyramid-related entity, is a premiere developer with decades of proven projects throughout Central New York and the Northeast.

In Central New York alone, it has invested over $625 million to transform blighted areas or buildings into some of the most impressive developments in recent memory.

In total, Pyramid-related entities are responsible for a portfolio with a combined equity value of approximately $2 billion.

### Community Investment To Date – Pyramid Companies

<table>
<thead>
<tr>
<th>Project</th>
<th>Investment</th>
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<tr>
<td>Carousel Center</td>
<td>$324,000,000</td>
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<tr>
<td>Franklin Square</td>
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<tr>
<td>Destiny USA Development</td>
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<td>The Clinton Exchange</td>
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<td><strong>Total</strong></td>
<td><strong>$625,000,000</strong></td>
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### Section 1: Preamble

History of the Developer in Central New York – Before and After

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<th>After</th>
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<tr>
<td><img src="image1" alt="Carousel Center" /></td>
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<tr>
<td><img src="image2" alt="The Clinton Exchange" /></td>
<td>The Clinton Exchange 1990</td>
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<tr>
<td><img src="image3" alt="Bridgewater Place" /></td>
<td>Bridgewater Place 1990</td>
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<tr>
<td><img src="image4" alt="Mission Landing" /></td>
<td>Mission Landing 1990</td>
</tr>
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</table>
As an economic development agency, SIDA was formed as a separate legal entity pursuant to State Municipal Law to “promote, encourage, develop, and assist in the acquiring, construction, improving and equipping of, commercial and recreational facilities in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State, to improve their recreational opportunities, prosperity and standard of living, and to prevent unemployment and economic deterioration.”

In passing Ordinance #32 of 2002, the City enabled SIDA to act as the lead agency for purposes of the Destiny USA project. The County of Onondaga, by way of Resolution #15, also enabled SIDA to proceed as the agency on behalf of the County on this project of unprecedented significance.

Both the County, by way of Resolution, and City, by its Ordinance and a letter from Corporation Counsel on February 1, 2002, made it clear that bond proceeds could be used to, “... the fullest extent permitted by law.”

*Section 1.02A of the Agreement By and Between City of Syracuse Industrial Development Agency and Pyramid Company of Onondaga dated July 6, 2001 (“Agency Agreement”)
February 1, 2002

Pyramid Company of Onondaga
4 Clinton Square
Syracuse, New York 13202
Attn: Mr. Robert J. Congel
Mr. Bruce Kenan

Gentlemen:

You have asked this office for a clarification of certain provisions of the Ordinance adopted by the City of Syracuse Common Council in January 22, 2002 ("Amended PILOT Ordinance") amending Ordinance No. 599 of 2000. This office participated on behalf of the Mayor's administration in the preparation of the Amended PILOT Ordinance and briefings of the Common Council. The statements below describe the administration's intent in proposing to the Common Council the provisions of the Amended PILOT Ordinance for which you have sought clarification. Capitalized terms used herein shall have the meanings given to them in the Amended PILOT Ordinance.

A. SIDA and the Company may proceed with the construction of the Carousel Expansion, Lakefront Redevelopment and related Public Improvements in a single phase, sequential phases or simultaneous phases;

B. PILOT Payments can be made on the Existing Carousel Center in accordance with Schedule One and on any Constructed Phase in accordance with Schedule Two;

C. The Company and SIDA may, under the circumstances and subject to the conditions set forth in the section entitled "Compliance with Additional Requirements" and without the consent of the City or County, (1) increase the PILOT Payments payable during the PILOT Benefit Term under Schedules One and Two; (2) provide for commencement of PILOT Payments on an incomplete Constructed Phase or Subsequent Phase prior to the completion of such commercial improvements; and (3) provide for application of such PILOT Payments or proceeds of SIDA Bonds secured thereby to any of the Public Improvements;

D. The term "Public Use Improvements" does not include Public Parking Improvements or Public Infrastructure Improvements; and
E. The term Public Use Improvements will be interpreted to permit SIDA to collect and use PILOT Payments for improvements and facilities to the fullest extent permitted by applicable state law.

F. The term "Revenue Sharing Agreement" used in the ordinances adopted by the City on January 22, 2002 refers to the Payment Agreement attached as Exhibit B to the Amended PILOT Ordinance; and

G. The PILOT Benefit Term with respect to a particular series of SIDA Bonds shall end on the date such series of SIDA Bonds are paid in full, whether by redemption, defeasance or acceleration, provided that a refinancing, in whole, by SIDA of such series shall not constitute a payment in full for purposes of the PILOT Benefit Term.

Signed by Corporation Counsel:

[Signature]

CC: The Honorable Members of the Syracuse Common Council
$244 Million Invested to Date

Destiny USA has justifiably relied on the City’s passage of Ordinance #599 of 2000, as well as SIDA’s subsequent authorizations and actions, in investing over $200 million in the Destiny Project.

An independent third-party accounting firm (recommended by the Mayor and performing services pursuant to Agreed Upon Procedures approved by SIDA) have verified that through December 31, 2004, $147.7 million had already been invested. Those numbers are currently being updated through September 30, 2005 by the same accounting firm.

Destiny has, in good faith, invested approximately $244 million, in total, to date since the inception of the planning process.
DESTINY USA

Independent Accountants' Report On
Application of Agreed Upon Procedures
<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountants' Report</td>
<td>1-3</td>
</tr>
<tr>
<td>SIDA/Project Investment Summary</td>
<td>4</td>
</tr>
<tr>
<td>Agreed Upon Procedures</td>
<td>5-7</td>
</tr>
</tbody>
</table>
To the Partners
Pyramid Company of Onondaga

To the Board of Directors
Syracuse Industrial Development Agency
And its Bond Council

Independent Accountants’ Report On
Application of Agreed Upon Procedures

We have performed the procedures enumerated below, which were agreed to by Pyramid Company of Onondaga and The Syracuse Industrial Development Agency, solely to assist you in determining that the expenditures applicable to SIDA Project Investment of DestiNY USA have been summarized in accordance with the criteria identified and agreed to among the parties for the periods commencing January 1, 1987 and ending December 31, 2004. Pyramid Company of Onondaga’s management is responsible for the presentation of the SIDA Project Investment of DestiNY USA. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We have been advised by DestiNY USA management that this report is for use in obtaining taxable bonds only. Therefore, in lieu of reporting on segregated project expenditures by public and private classification, the purpose of which would be to delineate bond offerings between taxable bonds and exempt bonds, we have structured our report on an aggregate basis with no such delineation. Accordingly, the following procedures have been modified with respect to expenditures not being delineated between public and private expenditures: I.A., I.D., II.B., II.E.5., III.B., and V., see Agreed Upon Procedures Schedule attached.

On an annual basis, management has prepared schedules referred to as Project Summary Sheets. These schedules reflect expenditures categorized pursuant to criteria established by management. Project costs are segregated into various accounts, including accounts for condemnation, construction, consultants, designs, environmental, financing, land, marketing, operating costs, soft costs, conferences/meeting, Empire Zone, engineering, leasing, legal, masterplan, payroll and benefits.

These “Project Summary Sheets” are further summarized on a schedule entitled “SIDA/Project Investment Summary.” The “SIDA/Project Investment Summary” is attached as Schedule I.

The agreed upon procedures and our findings are as follows:

I. General Procedures.

We obtained the summary of expenditures as summarized on the “SIDA Project Investment” report by DestiNY USA and we obtained the “Project Summary Sheets of SIDA/Investment” showing expenditures by year from 1987 through December 2004. The schedules were added and crosscasted to verify their mathematical accuracy, and reconciled.

We obtained and reviewed the DestiNY USA financial reporting policy manual.

There were no exceptions as a result of these general procedures.

II. Annual Expenditures.

We obtained the “Master Control Sheet - Expenditures Review” for each year from 1992 through December 2004 and other summaries of Expenditures from 1987 to December 2004. For each year, we added and crosscasted each column to verify the total expenditures and mathematical accuracy of the schedules.

We obtained the criteria classifying each expenditure. We obtained the supporting expenditure detail for each description and category.
We reviewed all expenditures made during each applicable year. For purposes of this procedure, we excluded expenditures not in the SIDA cost pool such as expenditures applicable to the existing center, Interstate 81 frontage and Chemical Bank refinancing. For all expenditures, we applied the following procedures:

1. We reviewed the invoice description and determined if it had been classified in accordance with the criteria.
2. We matched and agreed each selected expenditure to a copy of the invoice and copy of a paid check, if available.
3. For expenditures within the selected group without a supporting third party invoice, we ascertained how the expenditure was determined and agreed the expenditures to the available supporting documentation including ledgers and journal entries.
4. For expenditures for payroll and benefits within the selected group, we agreed the expenditures to the payroll records. For payroll expenditures not supported by payroll journals or ledgers, we reviewed the supporting documentation and tested for reasonableness.

The summary of expenditures by year were agreed to the "Project Summary Sheets of SIDA/Project Investment" for the period January 1, 1987 through December 2004.

There were no exceptions to the procedures applicable to Annual Expenditures.

III. SIDA Cost of Capital.

The average annual prime rate of interest used in the calculation of cost of capital was agreed to the published prime rate for each year. The source of the prime rate was U.B.S. Paine Weber and was verified with the Federal Reserve.

The calculation of cost of capital using the average prime rate was verified.

We reviewed the memorandum regarding "Interest Expenses and Developers' Profit" from management's legal counsel.

There were no exceptions to the procedures applicable to SIDA Cost of Capital.

IV. Land Cost

For land costs, we obtained the criteria for reporting land purchases and commitments. We obtained the schedule of "List of Properties for DestiNY USA".

We determined if parcels reflected on the "List of Properties for DestiNY USA" are in accordance with the established criteria.

1. For the properties listed at purchase price, we agreed the seller's name to the contract, the purchase price to the contract, the address, tax map number or property description to the contract and we documented the acreage.
2. We determined that no properties were listed at appraised value.
3. We determined there were no properties not owned by DestiNY USA included in the cost study.

There were no exceptions to the procedures applicable to Land Costs.

Disclosure of Material Related Party Expenditures:

Included in the expenditures applicable to the SIDA project investment of DestiNY USA are the following related party transactions:
Pyramid Company of Onondaga  
May 3, 2005

Expenditures to Madeira Associates doing business as Savannah Dhu, a company engaged in the meeting and conference business, in the amount of $1,971,242. Madeira Associates is owned by related parties.

Expenditures to a relative of a principal of DestiNY USA in the amount of $357,692 for leasing services.

Expenditures to three key executives/principals of DestiNY USA for salary compensation over a four year period in the amount of $5,609,207.

Accrued compensation relative to a deferred compensation agreement with DestiNY USA salaried executives in the amount of $1,500,000.

Expenditures for payroll and payroll benefits to employees of DestiNY USA, Pyramid Management Group and affiliated companies in the amount of $26,488,828 inclusive of the aforementioned amounts.

Supplementary Information Disclosure:

Management has excluded from the SIDA/Project Investment Summary $1,771,098 in expenditures applicable to design and engineering costs associated with the planned 848,000 square foot expansion of the Carousel Center. Management has advised that these expenditures were included in a loan draw request submitted to Deutsche Bank as part of the project’s construction loan budget.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the expenditures applicable to SIDA Project Investment of DestiNY USA. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Destiny USA, The Syracuse Industrial Development Agency and its Bond Counsel and is not intended to be and should not be used by anyone other than those specified parties.

F. J. Pompo & Company, P.C.
Certified Public Accountants
Syracuse, New York

May 3, 2005
## DESTINY USA
### SIDA/PROJECT INVESTMENT SUMMARY
#### AS OF DECEMBER 31, 2004

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<tr>
<td>Land &amp; Land Costs</td>
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<tr>
<td>- Oil Tank Relocation</td>
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<td>$9,791,419</td>
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<td>- Condemnation</td>
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<td>- Environmental</td>
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<td>Financing</td>
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<td>Payroll &amp; Benefits</td>
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<td>Unallocated Development</td>
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<td>$26,926,895</td>
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Schedule 1
DESTINY USA
AGREED UPON PROCEDURES BETWEEN DESTINY USA
AND
SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY (SIDA)

I. General Procedures

A. Obtain the summary of taxable private expenditures and tax-exempt public expenditures as summarized on the “SIDA Project Investment” report by DestiNY USA.

B. Obtain “Project Summary Sheets of SIDA/Project Investment” showing expenditures by year 1987 through December 31, 2004.

C. Add and crosscast schedules to verify mathematical accuracy.

D. Reconcile “Project Summary Sheets of SIDA/Project Investment” to summary of taxable private expenditures and tax-exempt public expenditures.

E. Obtain and review the DestiNY USA financial reporting policy manual.

II. Annual Expenditures

For the year 1992 through December 31, 2004, a “Master Control Sheet – Expenditures Review” has been prepared by major category identifying the description of the expenditure incurred. Our procedures will include:


B. Obtain the criteria for classifying each expenditure between taxable private expenditures and tax-exempt public expenditures.

C. For each year, add and crosscast each column to verify the total expenditures.

D. Obtain supporting detail of expenditures for each description and category.

E. From the detailed listing of expenditures for each year, 100% of the expenditures will be reviewed for verification. For purposes of this procedure, exclude costs not in the SIDA cost pool such as existing Carousel Center, I-81 frontage and Chemical Bank refinancing costs. For the expenditures selected, perform the following agreed upon procedures:

1. Review invoice description and determine if it has been classified according to the criteria for each respective category.

2. Agree payment of the invoice to copy of the paid check, if available.

3. For expenditures not supported by a third party invoice or copy of check, review available supporting documentation including ledgers, journal entries, invoice and payment histories, business contracts, etc. To the extent that the documentation is insufficient to indicate that the expenditure was incurred or properly classified, the expenditure shall be deleted from the cost pool.
4. Agree payroll and benefits to payroll records.

5. Document basis of allocation of “Unallocated Development Costs.” For design and engineering costs that can’t clearly be identified as public or private, document percentage split between public and private.

F. Agree the summary of expenditures by year to the “Project Summary Sheets of SIDA/Project Investment” for the period January 1, 1989 – December 31, 2004, according to the criteria provided.

G. Obtain Thruway Energy Distribution (TED) park summary of expenditures from 1987 to December 31, 2004 and perform the same procedures reflected at E1 through E5 above. Agree the TED park summary of expenditures to the project summary sheet of SIDA/Project Investment.

H. Summarize any exceptions found.

III. SIDA Cost of Capital

A. Agree the annual average interest prime rate to the published prime rate during each respective year. Identify source of prime rate.

B. Calculate the cost of capital for private and public improvement using the prime interest rate times total expenditures by year.

C. Determine that each year’s cost of capital calculation represents one-half year’s interest for current year expenditures plus a year’s interest for the cumulative prior year’s expenditures.

D. Review memorandum regarding “Interest Expenses and Developer’s Profit” from legal counsel.

E. Summarize any exceptions found during the testing.

IV. SIDA Land Purchase

Obtain schedule of “List of Properties for DestiNY USA” and “Currently Owned Parcels to be Sold to SIDA.”

A. Obtain the criteria for reporting land purchases and commitments.

B. Reconcile “List of Properties for DestiNY USA” to schedule of “Currently Owned Parcels to be Sold to SIDA.” Agree schedule of “Currently Owned Parcels to be Sold to SIDA” to SIDA Land Purchase on “SIDA/Project Investment, Project Summary Sheet.”

1. For properties listed at purchase price:
   a. Agree seller’s name to contract.
   b. Agree purchase price to contract acquiring property.
   c. Agree address, tax map number or property description to contract.
   d. Test or document acreage as part of property acreage.
2. For properties listed at appraised value:
   a. Obtain copy of appraisal in support of appraised value.
   b. Agree property description and acreage to appraisal.
   c. Agree total listed value on the "SIDA Project Investment" schedule to the appraisal report.

3. For properties not owned, agree parcel, location and date to PSA, Gain Tax Submission or other means of control.

C. Determine that owned and controlled land acquisitions are in accordance with the established criteria.

D. Summarize any exceptions found.

V. **Square Foot Building Allocation**

A. Obtain criteria for allocating square foot to private, public and hotel.

B. Add and crosscast the schedule of square foot building allocations.

C. Obtain design drawings and for each level of the facility, summarize the square foot for the private and public allocation to supporting documentation in design drawings.

D. Summarize any exceptions found.

VI. **Prepare report Summarizing Results of Applying Agreed-Upon-Procedures**
# SIDA Project Investment Summary

**As of September 20th, 2005**

<table>
<thead>
<tr>
<th>COST DESCRIPTION</th>
<th>Subject to F.J. Pompo CPA’s Report</th>
<th>Incurred to date-2005</th>
<th>Total Cost w/ W/Interest 1987-9/20/05</th>
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<tbody>
<tr>
<td>Land &amp; Land Costs</td>
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<td></td>
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</tr>
<tr>
<td>- Oil Tank Relocation</td>
<td>$21,979,207</td>
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<td>10,636,170</td>
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<td>Sub-Total</td>
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<td>104,227</td>
<td>2,200,578</td>
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<tr>
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<td>28,725</td>
<td>299,285</td>
</tr>
<tr>
<td>Engineering</td>
<td>217,341</td>
<td>7,548</td>
<td>224,889</td>
</tr>
<tr>
<td>Empire Zone</td>
<td>157,897</td>
<td>879,978</td>
<td>1,037,875</td>
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<tr>
<td>Master Plan</td>
<td>1,441,243</td>
<td>228,420</td>
<td>1,669,663</td>
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<tr>
<td></td>
<td>Sub-Total</td>
<td>147,688,136</td>
<td>96,805,704</td>
</tr>
<tr>
<td></td>
<td>Total Projected Investment to Date</td>
<td>$147,688,136</td>
<td>$96,805,704</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$244,493,840</td>
</tr>
</tbody>
</table>
SIDA Project Investment Summary
As of September 20th, 2005

<table>
<thead>
<tr>
<th>COST DESCRIPTION</th>
<th>Prior to Jan 2001</th>
<th>Jan 01 to present</th>
<th>Total Cost w/ W/Interest 1987-9/20/05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land &amp; Land Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Oil Tank Relocation</td>
<td>$19,532,509</td>
<td>$3,208,435</td>
<td>$22,740,944</td>
</tr>
<tr>
<td>- Land</td>
<td>8,462,796</td>
<td>2,580,800</td>
<td>11,043,596</td>
</tr>
<tr>
<td>- Condemnation</td>
<td>2,460,889</td>
<td>8,164,908</td>
<td>10,625,797</td>
</tr>
<tr>
<td>- Environmental</td>
<td>489,085</td>
<td>3,984,911</td>
<td>4,473,996</td>
</tr>
<tr>
<td>Sub-Total Land</td>
<td>$30,945,279</td>
<td>$17,939,054</td>
<td>$48,884,333</td>
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<tr>
<td>Financing</td>
<td>1,497,031</td>
<td>14,918,652</td>
<td>16,415,683</td>
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<tr>
<td>Payroll &amp; Benefits</td>
<td>200,057</td>
<td>40,965,765</td>
<td>41,165,822</td>
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<tr>
<td>Design</td>
<td>218,853</td>
<td>31,235,806</td>
<td>31,454,659</td>
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<tr>
<td>Operating Costs</td>
<td>3,983,738</td>
<td>4,655,285</td>
<td>8,639,023</td>
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<tr>
<td>Legal</td>
<td>3,032,355</td>
<td>7,365,170</td>
<td>10,397,525</td>
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<tr>
<td>Unallocated Development</td>
<td>782,680</td>
<td>1,417,898</td>
<td>2,200,578</td>
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<td>Marketing</td>
<td>95,142</td>
<td>18,509,920</td>
<td>18,605,062</td>
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<tr>
<td>Construction</td>
<td>468,213</td>
<td>9,074,815</td>
<td>9,543,028</td>
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<tr>
<td>Consultants</td>
<td>34,281</td>
<td>33,877,790</td>
<td>33,912,071</td>
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<td>Conferences &amp; Meetings</td>
<td>-</td>
<td>4,453,598</td>
<td>4,453,598</td>
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<tr>
<td>Soft Costs</td>
<td>319,607</td>
<td>15,271,139</td>
<td>15,590,746</td>
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<tr>
<td>Leasing</td>
<td>-</td>
<td>299,285</td>
<td>299,285</td>
</tr>
<tr>
<td>Engineering</td>
<td>193,094</td>
<td>31,795</td>
<td>224,889</td>
</tr>
<tr>
<td>Empire Zone</td>
<td>17,305</td>
<td>1,020,570</td>
<td>1,037,875</td>
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<tr>
<td>Master Plan</td>
<td>17,496</td>
<td>1,652,167</td>
<td>1,669,663</td>
</tr>
<tr>
<td><strong>Total Projected Investment to Date</strong></td>
<td><strong>$41,805,131</strong></td>
<td><strong>$202,688,709</strong></td>
<td><strong>$244,493,840</strong></td>
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</tbody>
</table>
### Section 3: Destiny USA Expenditure

#### Future Impact

<table>
<thead>
<tr>
<th>Projected Economic Impact</th>
<th>Initial Phase</th>
<th>First Significant Build</th>
<th>Full Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Revenues (Millions)</td>
<td>$17</td>
<td>$200</td>
<td>$360</td>
</tr>
<tr>
<td>New Community Wide Jobs</td>
<td>3000</td>
<td>30,000</td>
<td>87,000</td>
</tr>
<tr>
<td>Payments to SIDA &amp; City (Millions)</td>
<td>$38</td>
<td>$71</td>
<td>$142</td>
</tr>
</tbody>
</table>

Note: Impacts sourced from Global Insight
### Community Economic Benefits - Jan 2001 to date (represents date of PILOT approval)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Invested Dollars</td>
<td>$202,000,000</td>
</tr>
<tr>
<td>Payment to SIDA &amp; City</td>
<td>$28,000,000</td>
</tr>
<tr>
<td>Destiny USA Benefits Received</td>
<td>$0</td>
</tr>
</tbody>
</table>
### Section 3: Destiny USA Expenditure

#### November 2005 Impact

<table>
<thead>
<tr>
<th>Additional Impact when PILOT Bonds are sold</th>
<th>November 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIDA Financing Fees</td>
<td>Mortgage $800,000</td>
</tr>
<tr>
<td>Construction Loan</td>
<td>1,200,000</td>
</tr>
<tr>
<td>PILOT Bonds</td>
<td>2,400,000</td>
</tr>
<tr>
<td>PILOT Payment 12/05</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Lakefront Development Fee</td>
<td>5,400,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$11,500,000</strong></td>
</tr>
</tbody>
</table>
The County and Professionals Agree: Destiny Meets Obligations

In passing City Ordinance #32 of 2002 and County Resolution #15 of February 2002, both the City and County mandated certain requirements be complied with before SIDA bonds would be issued. All of the requirements legally required have been met. The County confirmed that Destiny USA met all requirements necessary for the bonds to be issued.

Attached please find a summary of City and County conditions and their respective status; as well as detailed correspondence from the County to SIDA dated October 11, 2005.
Section 4: Full Compliance Evidence

Summarization of Requirements of City Ordinance

City of Syracuse
Ordinance #32 Dated January 22, 2002

(a) County approving allocation of PILOT  
County Resolution No 15 of 2002

(b) SIDA provide financial assistance  
SIDA Resolution Dated October 8, 2002

(c) SIDA authorizing bonds  
SIDA Resolution Dated October 8, 2002

(d) County entering into a revenue sharing agreement with SIDA  
County Letter October 11, 2005 approved by County Legislature & City Council

(e) City, SIDA, PCO entering into agreement relative to reporting of annual sales tax revenues  
County Letter October 11, 2005 approved by County Legislature & City Council

(f) Closing have occurred on financing at least 800,000 sq. ft., together with guarantee of completion to SIDA  
Pending SIDA approval

(g) City and PCO entering into Revenue Guarantee Agreement authorized by Common Council  
Executed Revenue Guarantee Agreement July 18, 2002

(h) City, SIDA, PCO enter in PILOT agreement  
By Letter Agreement July 18, 2002 Authorized by Ordinance 38 of 2002
Section 4: Full Compliance Evidence
Summarization of Requirements of County Resolution -

Onondaga County Legislature
Resolution #15 dated February 4, 2002

(a) City approving allocation of PILOT January 22, 2002
(b) SIDA provide financial assistance October 8, 2002
(c) SIDA authorizing bonds October 8, 2002
(d) City, SIDA, PCO enter in PILOT agreement County Letter October 11, 2005
(e) City, SIDA, PCO entering into agreement relative to reporting of annual sales tax revenues County Letter October 11, 2005
(f) Payment Agreement between County Executive and Mayor County Letter October 11, 2005
(g) Closing have occurred on financing at least 800,000 sq. ft., together with guarantee of completion to SIDA County Attorney approval letter September 20, 2005
(h) Rep by SIDA and City that neither will sell, pledge, assign, use as collateral or otherwise transfer the County’s commitments under the Payment Agreement County Letter October 11, 2005
(i) County designated as third party beneficiary under financing docs for each issuance of bonds County Letter October 11, 2005
(j) For each issuance of bonds, County receives (1) financing docs naming County as 3rd part beneficiary, (2) plans and specs for public improvements (3) executed PILOT (4) other docs required by bond counsel County Letter October 11, 2005
(k) Written opinion from SIDA’s bond counsel that (i) and (j) have been satisfied County Letter October 11, 2005
October 11, 2005

Terri Bright, Esq.
Corporation Counsel
Office of Corporation Counsel
300 City Hall
Syracuse, New York 13202

Dear Terri:

The County of Onondaga hereby advises the City of Syracuse and the City of Syracuse Industrial Development Agency that, as of this date, all of the conditions precedent to the County approval of the alternative allocation of payments in lieu of taxes, authorized by County Legislature Resolution No. 00015 of 2002, have been satisfied, or will otherwise be satisfied at or before the closing of the 2000 SIDA Bonds. For your information, this correspondence is being forwarded to the municipal underwriting team to advise them of our position.

The following conditions referenced in Resolution No. 00015 of 2002 have been satisfied (the lettered items correspond to the conditions set forth in the third RESOLVED clause of the Resolution):

a. The adoption of an ordinance by the City of Syracuse approving and agreeing to the allocation of any payment in lieu of taxes from the Existing Carousel Center and any expansion thereof, pursuant to the terms of Amended Reference Document No. 1-A (Amended Exhibit A-2: Glossary and Schedules 1, 2, 3 and 4); and

b. The adoption of a resolution dated October 8, 2002 by SIDA to undertake and/or provide financial assistance to the Existing Carousel Center and any expansion thereof pursuant to the term of Amended Reference Document No. 1-A (Amended Exhibit A-2: Glossary and Schedules 1, 2, 3 and 4); and

c. The adoption of a resolution dated October 8, 2002 by SIDA authorizing issuance and sale of 2000 SIDA bonds pursuant to the terms of Amended Reference Document No. 1-A (Amended Exhibit A-2; Glossary and Schedules 1, 2, 3 and 4).
October 11, 2005
Page 2
Terri Bright, Esq.

Upon closing of issuance and sale of the 2000 SIDA Bonds, the following will be approved by the County for execution, and we will coordinate execution in advance of the closing (the lettered items correspond to the conditions set forth in the Third RESOLVED clause of Resolution 15-2002):

e. Execution and delivery by the City of Syracuse, SIDA, Company and County of a Reporting Agreement, a copy of which was filed with the Clerk of the County Legislature on January 19, 2001, and was approved by the Syracuse Common Council on January 22, 2002 and the Onondaga County Legislature on February 4, 2002.

f. Execution and delivery by the Onondaga County Executive and the Mayor of the City of Syracuse of a Payment Agreement, filed with the Clerk of the Onondaga County Legislature on February 4, 2002, and approved by the Syracuse Common Council on January 22, 2002 and the Onondaga County Legislature on February 4, 2002.

As with conditions (e) and (f) above, the following remaining conditions include, by their nature, documents which will be prepared, executed and delivered as a matter of course in connection with the closing, issuance and sale of the 2000 SIDA Bonds: The conditions set forth in sub-paragraphs (d), (g), (h), (i), (j) and (k) of the third RESOLVED clause of Resolution 00015-2002, and execution of the documents referenced in the fourth and ninth RESOLVED clauses of Resolution No. 00015-2002.

The County of Onondaga advised SIDA’s Chairman Irwin Davis in writing on September 20, 2005 that the Citigroup Amended and Restated Conditional Commitment Letter dated September 19, 2005 meets the construction financing requirements of subsection (g) of the third RESOLVED clause in County Resolution No. 00015.

Thank you for your consideration.

Very truly yours,

Anthony P. Rivizzigno
County Attorney

cc: Honorable Matthew J. Driscoll
SIDA Board Members
Bruce Kenan, Destiny USA
William M. Corrado, Citigroup
Frank Mahoney, Lehman Brothers
There are four specific provisions in the City Ordinance and County Resolution which protect the taxpayer from any risk:

- Requirement for the developer to execute a project completion guaranty
- Requirement for the City of Syracuse revenue guarantee agreement to be executed by developer
- City and County are explicitly precluded from liability to repay bonds
- If Pilot payments are not made, the agreement ends and the property is placed on the normal tax rolls

Note: The size of bond proceeds or use of proceeds in accordance with the laws has no impact on taxpayer risk
In August 2005 Destiny USA secured a loan commitment from Citigroup for construction of the first 800,000+ square foot expansion of Carousel Center. Included in the commitment letter was the refinancing of the Carousel Center mortgage. The commitment was negotiated with the bank to insure strict compliance with the 2002 Ordinance and Resolution and specific input into the process was provided by SIDA special counsel John Opar.

The construction loan commitment was for $375 million and the mortgage loan commitment was for $410 million.

Legal opinions were received from the law firms of Goodwin Proctor, Katten Muchin, Devorsetz, Stinziano et al and Costello Cooney & Fearon.

In addition the County Attorney, confirmed that the proposed financing fully meets the requirements of the 2002 Ordinance and Resolution.
AMENDED AND RESTATED CONDITIONAL COMMITMENT LETTER

September 15, 2005

Richard C. Pietrafesa, Jr.
DestiNY USA Development LLC
The Clinton Exchange
4 Clinton Square
Syracuse, New York 13202 1078

Re: Carousel Center Expansion Construction Facility, Syracuse, New York

Dear Richard:

Citigroup Global Markets Realty Corp. ("Lender") is pleased to issue to DestiNY USA Development LLC ("DestiNY") this conditional commitment (the "Conditional Commitment") to make available a first mortgage loan facility (the "Construction Facility") secured by the property referenced below to a special purpose bankruptcy remote entity to be reasonably agreed to by Lender and DestiNY ("Borrower"): 

Committed Construction Facility Amount: $375,000,000 subject to Lender’s Budget Approval; funded Construction Facility amounts to be made available only during the 30 month initial term only in monthly draws, subject to the conditions noted herein for approved construction and land costs up to the Committed Construction Facility Amount.

Use of Proceeds

Proceeds of the Construction Facility will be used to design, construct, lease, finance and acquire land and various other rights (and for general costs related to the foregoing) in connection with the expansion of the Carousel Center Mall, such expansion to be not less than 800,000 leasable sq. ft.
PILOT Bonds; Escrow:

Borrower will use commercially reasonable efforts to cause PILOT bonds (the “Initial PILOT Bonds”) to be issued in the fourth quarter of 2005 pursuant to a Bond Execution (hereinafter defined). Net proceeds from the Initial PILOT Bonds issuance will be deposited in two accounts with the Lender’s cash collateral agent in accordance with the Agreed Funding Schedule (hereinafter defined) with respect to the amount of Initial Bond Proceeds which can be used for the expansion described above under “Use of Proceeds” and Borrower recapitalization, respectively: (i) a construction escrow account (the “Construction Account”) and (ii) a recapitalization escrow account (the “Recap Account”); provided, that no more than $155,000,000 of Initial PILOT Bonds proceeds shall be deposited into the Construction Account. Proceeds in the Construction Account will be available for disbursement for a percentage of certain agreed cost items in the approved construction budget as contemplated below under “Condition to Draws.” The release of proceeds in the Construction Account will be conditioned only upon notification by Lender to the cash collateral agent that Borrower has satisfied the draw conditions set forth herein under “Conditions to Draws” (including, without limitation, the Lender’s engineering consultant having certified that the applicable construction milestone in the approved budget has been satisfied), and will be available for funding in all circumstances, including after any foreclosure by the Lender. The Recap Account will be pledged to the Lender as security for the full repayment of the Borrower’s obligations to the Lender. Proceeds from the Recap Account will be available for disbursement for any purpose, as designated by the Lender.

A “Bond Execution” shall mean the closing and issuance of the Initial PILOT Bonds (i) which results in amounts being deposited into the Construction Account and Recap Account which are satisfactory to Lender, (ii) which meets the criteria described in this Amended and Restated Conditional Commitment and (iii) which is otherwise acceptable to Lender in Lender’s sole and absolute discretion.
The Initial PILOT Bonds proceeds deposited into the Construction Account shall serve to reduce the Committed Construction Facility Amount (including any unfunded future funding commitment) on a dollar for dollar basis and shall be made available to Borrower in accordance with the Agreed Funding Schedule (as defined below). To the extent the net proceeds from the Initial PILOT Bonds issuance deposited into the Construction Accounts and the Recap Account are less than $200 million, at Lender’s sole discretion, (i) Borrower shall deposit the amount of any such shortfall into the Equity Account (as defined below) and/or (ii) Lender shall be granted liens on additional collateral in form and amount satisfactory to Lender in its sole discretion.

It shall be a condition to closing that the Lender and SIDA shall have agreed upon a construction budget and funding schedule that clearly delineates the source (e.g., loans by Lender, Construction Account, Recap Account or Equity Account) for each funding requirement contemplated by the approved construction budget (the “Agreed Funding Schedule”).

Notwithstanding the foregoing, net proceeds from the Initial PILOT Bonds issuance in excess of $200 million will (subject to the Approved Funding Schedule), be deposited into the Recap Account. Such amounts may, at Lender’s sole discretion, be made available to the Borrower to the extent they are invested in the Property or if not invested in the Property are invested in any property related to the Carousel Center expansion and the Lender receives a lien on such property.

**Borrower Equity Account**

At closing, $45,000,000 of net proceeds to Borrower (after repayment of all existing debt and payment of reasonable closing costs) of the loan(s) made by Lender secured by the Carousel Center Mall (the “Primary Loan”) will be deposited into an account established with the Lender’s collateral agent (the “Equity Account”).
Carousel Center  
September 19, 2005  
Page 4

Liens on Equity Account and Recap Account:  
In addition to the first mortgage securing the Construction Facility, the Lender will have a first lien on (i) the Equity Account and (ii) the Recap Account. Notwithstanding anything herein to the contrary, in the event of a default under the Construction Facility, the Lender shall have the right to use any monies in such accounts, regardless of their source or intended use, to pay off the Construction Facility; provided and to the extent, in the case of the Recap Account, that the amounts therein are available for release under the terms of the Agreed Funding Schedule.

Property:  
Approximately 848,000 sq. ft. (but no less than 800,000 sq. ft.) of leasable area expansion to the Carousel Center and related land.

Interest Rate:  
One month LIBOR plus 2.95% (actual/360 reset monthly)

Term:  
30 months

Extension Options:  
2 options for 1 year each and 1 option for 6 months, subject to for each extension:

(i) payment of an extension fee equal to 0.50% (in the case of the first option) or 1.0% (in the case of the second option) of the outstanding principal amount of the Construction Facility;

(ii) satisfaction of a test based on the number of square feet actually under contract or lease (not necessarily occupied space);

(iii) no default; and

(iv) renewal or extension of or delivery of a new interest rate cap.

Prepayment:  
Open with no prepayment penalty.
Conditions to Draws:

Periodic draws will be funded upon presentation of Borrower's certified statement of costs with supporting documentation and verification by Lender's engineering consultant. Any costs incurred will be funded as follows:

(i) first, from the Equity Account and/or Construction Account in accordance with the Agreed Funding Schedule, until the funds in the Equity Account are reduced to zero; and

(ii) second, from the Lender and/or Construction Account in accordance with the Agreed Funding Schedule.

Notwithstanding the foregoing, prior to the issuance of the Initial PILOT Bonds, Borrower shall be entitled to draw from the Equity Account and, if and to the extent costs paid would have otherwise qualified for payment out of the Construction Account, once the Construction Account has been funded, such funds shall be drawn from the Construction Account and used to replenish the Equity Account. After any such replenishment, all costs shall once again be funded in accordance with clause (i) above until no funds remain in the Equity Account.

Lender shall not be obligated to fund any draw unless and until (i) a new PILOT Agreement shall be in full force and effect, (ii) there has been a Bond Execution, (iii) agreed construction milestones have been satisfied (which milestones will include ones which are identical to the milestones that relate to the release of any portion of the Recap Account), (iv) the Agreed Funding Schedule has been approved by the Lender and all other relevant parties and (v) the Borrower shall not be in default under the Construction Loan Facility; provided, that conditions (i), (ii) and (iii) shall not apply to draws from the Equity Account in accordance with the previous paragraph.
From time to time as the project progresses, changes to the scope of work may require changes to the construction budget and funding schedule. Lender shall have sole discretion, within the confines of the loan documents, to administer the Construction Facility regarding any such changes.

To the extent that Lender determines, in its reasonable discretion (with respect to hard costs, in consultation with its construction consultant), that there is a shortfall in funds needed to complete construction, Borrower shall be obligated to fund such shortfall into the Equity Account and the failure to so fund shall be deemed an immediate event of default. After any such funding, all costs shall once again be funded in accordance with clause (i) of the first paragraph of this section until no funds remain in the Equity Account.

Moreover, Lender shall have no obligation or liability to SIDA or any other government agency with respect to the disbursement of funds from the Construction Facility or any reserve account associated with the Construction Facility.

**Budget Approval:**

All costs to be periodically funded will be matched to the Borrower's budget as reasonably approved by the Lender. Such budget will include direct, indirect and carrying cost of the expansion and land acquisition.

**Construction Manager:**

Prior to any funding of the Construction Facility, Borrower shall have entered into a construction management contract with a construction manager (the "Contractor") reasonably satisfactory to Lender. The Contractor shall require payment, performance and completion bonds or other similar completion/credit support reasonably satisfactory to Lender for all work to be performed by major subcontractors whose work exceeds $2,000,000 in cost.

**Completion Guaranty:**

Lender and Borrower to mutually agree upon a form of a 100% guaranty of completion from a creditworthy entity reasonably acceptable to Lender. Lender acknowledges that a similar guaranty of completion will be provided to SIDA, which shall be subordinated in right of enforcement to the guaranty in favor of Lender.
Interest Rate Protection: During the entire term of the Loan (including any extension period), the Borrower will be required to enter into an interest rate cap agreement, on funded amounts, acceptable to the Lender. Such interest rate cap agreement will have a notional amount not less than the amount outstanding under the Construction Facility and the Subordinate Mortgage Loan and a strike rate equal to 7.0% and be with a counterparty rated not lower than “AA” (or the equivalent) and otherwise on terms approved by the Lender. Borrower will provide to Lender’s affiliate the right to match the terms of any interest rate cap agreement Borrower proposes to purchase.

Application Deposit: None

Expense Deposit: $600,000, of which Lender acknowledges it has previously received $350,000 resulting in an obligation to provide an additional deposit of $250,000 (the “Additional Expense Deposit”). In the event the Primary Loan does not close, the Lender may retain any Expense Deposit paid in excess of Pre-Closing Expenses incurred.

Commitment Fee: 1% of the Committed Construction Facility Amount, payable upon the issuance by Lender of the Firm Commitment (of which $1,125,000 will be credited to the origination fee on any mortgage loan made by the Lender during the twelve months after closing of the Construction Facility secured by a Pyramid or DestiNY commercial property).

In the event the Construction Facility does not close either (x) due to reasons outside the control of DestiNY and Lender or (y) due to reasons within the control of Lender, then the Lender shall return to Carousel the Commitment Fee (minus any Pre Closing Expenses incurred in excess of the Expense Deposit). In the event the Construction Facility does not close due to reasons within the control of DestiNY or the Subordinate Lender, then the Lender may retain the Commitment Fee.
Advance Fee:
1.0% of any portion of the Construction Facility Amount which is funded by the Lender (and not with the net proceeds of the Primary Loan or the Initial PILOT Bonds), payable at the time of funding.

Exit Fee:
0.5% of the Committed Construction Amount, paid on the earlier of maturity or full repayment of the Construction Facility (credited to origination fee on any mortgage loan made by the Lender secured by a Pyramid or DestiNY commercial property).

Pre-Closing Expenses:
DestiNY shall pay all reasonable out of pocket fees and expenses in connection with the Loan contemplated hereby, regardless of whether or not the Loan closes. Borrower will be required to reimburse the Lender for all on going costs and expenses incurred by the Lender in connection with administering the Loan (including, without limitation, the cost of any construction consultant).

Right to Match:
None.

Assumability:
Lender confirms that the existing direct and indirect equity owners of the Borrower as identified on Exhibit A will have the right to transfer their interests in Borrower to Robert J. Congel and/or Stephen J. Congel and/or Bruce A. Kenan and/or the Bruce A. Kenan Living Trust at any time without Lender’s consent, provided that following any such transfer to Stephen J. Congel and/or Bruce A. Kenan and/or Bruce Kenan Living Trust, Robert J. Congel or Moselle Associates must be in operating control of the Borrower.

Secondary Financing:
Not permitted.
Recourse:

Not to Borrower's principals (Robert J. Congel, Stephen J. Congel, Bruce Kenan, Moselle Associates, Bruce A. Kenan Living Trust, and James Tuozzolo), except for standard carve outs (including, but not limited to, environmental, waste, fraud, misapplication or misappropriation of funds, intentional misrepresentation, violation of single purpose entity covenants, impermissible debt or transfers and bankruptcy filing by Borrower). A warm body non recourse carveout guaranty from an entity acceptable to Lender will be required.

Security:

(i) first mortgage/deed of trust on expansion (when released from the lien securing the Primary Loan) and land acquisition.

(ii) assignment of rents and leases, to the extent negotiated and assignment of contracts.

(iii) pledge of entire ownership interests in Borrower and the mezzanine borrower under the Primary Loan,

(iv) pledge of funds in the Equity Account and Recap Account and any other reserve or escrow account, with the exception of the Construction Account.

(v) pledge of any interest rate cap, and

(vi) under a separate security agreement, an entity acceptable to Lender, shall guaranty an amount equal to the sum of (i) $40,000,000 and (ii) any amounts released to Borrower from the Primary Loan (over and above the $45,000,000 to be placed in the Equity Account), which shall be secured by pledges of partnership or other equity interests in other real estate owning entities controlled by the principals and/or other similar collateral, in each case, satisfactory to Lender in its sole discretion.

Conditions Precedent:

The obligation of the Lender to fund the Construction Facility is subject to:
(i) final loan committee approval,
(ii) Draw requirements as described herein,
(iii) Construction Facility documentation, organizational documents and legal opinions acceptable to Lender,
(iv) delivery of a Phase I (and, if necessary, Phase II) environmental report, engineering report and asbestos survey, in each case, acceptable to Lender,
(v) delivery of surveys and lender's title insurance policies and evidence of Property insurance acceptable to Lender. Lender hereby accepts Flagler Title to act as agency for title insurance issued on a co insurance basis and placed with acceptable underwriters,
(vi) background check of the Borrower's principals (including credit reports).
(vii) no material adverse change in the Property projections or the Borrower's principals or in market conditions generally,
(viii) the existing Carousel Center and the expansion space to be at least two separate tax parcels,
(ix) acceptance and funding of the Primary Loan communicated to Borrower under separate cover,
(x) Citigroup's Municipal Department to be a co lead underwriter for the PILOT Bond issuance expected to be approximately $200 million in the 4th quarter of 2005,
(xi) SIDA and any other government agency with an interest in the deal has reviewed this Conditional Commitment and has not indicated that it has any objections. and

(xii) Lender’s consultant, IVI, has completed its analysis of the construction budget and such budget, and the Approved Funding Schedule, is satisfactory to Lender.

For the reports listed in item (iv) above, Lender agrees to consider the Borrower satisfying such Conditions Precedent by delivering the reports delivered to the lender under the existing loan facility secured by the Property that closed in December 2004 (the “Existing Loan Facility”), provided (i) such reports are updated to the closing date of the Primary Loan and are otherwise acceptable to the Lender and (ii) the preparers of such reports issue reliance letters to Lender reasonably satisfactory to Lender.

Lender agrees to review the existing ownership structure, as revised per the structure chart attached hereto as Exhibit A, and accept the entities currently in place, provided the Borrower provides for single purpose bankruptcy remote entity characteristics.

Break up Fee:

In the event (x) the Lender issues a Firm Commitment which is in substantial conformity to the terms and conditions of this Conditional Commitment and (y) DestiNY does not return the executed Firm Commitment and the Commitment Fee within 5 business days, then DestiNY shall pay to the Lender a Break up Fee equal to $1,000,000.

Existing Loan Facility:

DestiNY certifies to the Lender that (x) the lender under the Existing Loan Facility does not have any right to match the terms of the financing proposal set forth in this Conditional Commitment and (y) that DestiNY is not negotiating a refinancing of the Existing Loan with any other lender.

If Lender issues the Firm Commitment substantially in accordance with the terms and conditions of this Conditional Commitment, DestiNY shall have five (5) business days to return the executed Firm Commitment and the Commitment Fee. Otherwise, the Firm Commitment will be null and void. If DestiNY fails to execute the Firm Commitment and to pay
the Commitment Fee within the time allowed, Lender shall retain the Expense Deposit as liquidated damages.

Lender acknowledges and agrees that DestiNY has committed to closing this Construction Facility with Lender no later than October 15, 2005, assuming that there are no unforeseen circumstances out of Lender’s control. Borrower has ceased restructuring the Existing Loan Facility with the lender under such Existing Loan Facility and DestiNY and its principal sponsors are relying upon Lender to close the Construction Facility.

This Conditional Commitment issued by Lender shall be governed by and construed and interpreted in accordance with the internal laws of the State of New York.

By signing below, DestiNY authorizes the Lender, its affiliates and/or agents to obtain any credit reports, deposit verifications and/or mortgage verifications necessary to proceed with the processing of the Construction Facility. Facsimile copies of the signature should also be deemed acceptable. Upon request of the Lender, DestiNY will obtain within five (5) business days similar authorizations from other principals of the borrower who are affiliated with or control the property manager or asset manager, any principal business contact (regardless of ownership interest) and any holder(s) (individually or collectively by consolidating persons with the same last name or immediate adult family members) of the borrower or its general partner or managing member.

This Conditional Commitment amends and restates in its entirety that certain Conditional Commitment, dated as of July 15, 2005 (the “Existing Conditional Commitment”), entered into between the parties hereto which Existing Conditional Commitment the parties hereto agree shall be deemed null and void and not of any force or effect after the date hereof.
Carousel Center
September 19, 2005
Page 13

The Conditional Commitment will be null and void unless (i) Lender receives an executed copy of the Conditional Commitment and the Additional Expense Deposit by September 22, 2005 and (ii) SIDA formally accepts that the loan described in this Amended and Restated Conditional Commitment satisfies the requirements of paragraph (f) of the first BE IT FURTHER ORDAINED clause of the City of Syracuse Ordinance No. 32 of 2002 and agrees to an Agreed Funding Schedule by September 28, 2005. Please remit the Additional Expense Deposit by wire transfer to:

Bank: JP Morgan Chase Bank
ABA#: 021-000-021
A/C#: 066-612-187
Reference: Carousel Center
Attn: Joseph C. Franzetti
Andrea Goldstein

Very truly yours,

CITIGROUP GLOBAL MARKETS REALTY CORP.

By: [Signature]
Name: Joseph C. Franzetti
Title: Authorized Agent
Date: September 19, 2005

Acknowledged and accepted by:

DESTINY USA DEVELOPMENT LLC

By: Carousel DestiNY Holdings Inc.
Managing Member
By: [Signature]
Name: Robert J. Concel
Title: President

NY1 5631890v.24
October 18, 2005

Mr. Irwin Davis, Chairman
Syracuse Industrial Development Agency
1900 State Tower Building
Syracuse, NY 13202

Dear Mr. Davis:

We have reviewed:

(i) Article 18A of the General Municipal Law of the State, as amended, and Chapter 641 of the Laws of 1979 of the State (the "Act");

(ii) Syracuse City Ordinance No. 32 of 2002, adopted by the Common Council on January 22, 2002 and approved by Mayor Driscoll on January 29, 2002 (the "2002 Ordinance");

(iii) Onondaga County Legislature Resolution No. 00015 of 2002 adopted on February 4, 2002 (the "2002 Resolution" and with the 2002 Ordinance, the "Amended Approving Legislation");

(iv) the letter of the City of Syracuse Corporation Counsel dated February 1, 2002, which letter clarified the City's intent with respect to the 2002 Ordinance and which was incorporated into the 2002 Resolution (the "Corporation Counsel's Letter"); and

(v) the amended and restated conditional commitment letter dated September [16], 2005 (the "Citigroup Construction Loan Proposal") issued by Citigroup Global Markets Realty Corp. ("Citigroup").
The Amended Approving Legislation provides, in pertinent part, substantially as follows:

[T]he execution and delivery by the Mayor of the initial PILOT agreement in connection with the issuance of the 2000 SIDA Bonds shall be contingent upon;

... (f) the closing having occurred (or to occur simultaneously with issuance of the 2000 SIDA Bonds) on financing for construction of that portion of the proposed Carousel Expansion to be constructed by the Company which ... totals at least 800,000 square feet of [leasable area], and including all security required by such financing, together with the execution and delivery of a guarantee of completion for such 800,000 square feet of [leasable area] in favor of the City of Syracuse Industrial Development Agency, in substantially the same form as any such guarantee granted to the lender in connection with such financing for construction[.]

2002 Ordinance at 3 and 2002 Resolution at paragraph (h).

On behalf of our clients, Pyramid Company of Onondaga and its affiliates (collectively, the “Company”), we write to express our conclusion that, upon the closing of the construction loan facility on the terms set forth in the Citigroup Construction Loan Proposal on or prior to the date of issuance of the 2000 SIDA Bonds (as defined in the 2002 Ordinance), the legal requirements of the condition set forth above should be treated as satisfied.

We also note that the Onondaga County Department of Law has concluded (by letter dated September 20, 2005) that the above requirement will be met by the Citigroup Construction Loan Proposal.

Please note that the foregoing conclusion is based on our understanding that (i) the loans contemplated by the Citigroup Construction Loan Proposal will be applied for construction of at least 800,000 square feet of leasable area, (ii) the Company will deliver to SIDA a guarantee of completion of 800,000 square feet of leasable area in substantially the same form as the guarantee of completion provided to Citigroup and (iii) no outstanding bonds will be refunded, paid, defeased or otherwise refinanced with the proceeds of the 2000 SIDA Bonds. We hope that this letter clarifies any confusion concerning this matter.

Very truly yours,

L. Kevin Sheridan Jr.
Mr. Davis
October 18, 2005
Page 3

cc:  Terri Bright
     Vito Sciscioli
     Gary Pickard
     E. Carlyle Smith
     John Opar, Esq.
October 17, 2005

Mr. Irwin Davis, Chairman
Syracuse Industrial Development Agency
1900 State Tower Building
Syracuse, NY 13202

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Mr. Irwin Davis, Chairman  
October 17, 2005  
Page 2

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Very truly yours,

Katten Muchin Rosenman LLP
Mr. Irwin Davis, Chairman  
Syracuse Industrial Development Agency  
1900 State Tower Building  
Syracuse, NY 13202

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Very truly yours,
DEVORSETZ STINZIANO GILBERTI HEINTZ & SMITH, P.C.

[Signature]
Gregory D. Faucher

c:  Terri Bright
    Vito Sciscioli
    Gary Pickard
    E. Carlyle Smith
    John Opar, Esq.
October 17, 2005

Mr. Irwin Davis, Chairman
Syracuse Industrial Development Agency
1900 State Tower Building
Syracuse, NY 13202

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(iii) Onondaga County Legislature Resolution No. 00015 of 2002 adopted on February 4, 2002 (the "2002 Resolution" and with the 2002 Ordinance, the "Amended Approving Legislation");

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We also note that the Onondaga County Department of Law has concluded (by letter dated September 20, 2005) that the above requirement will be met by the Citigroup Construction Loan Proposal.

Please note that the foregoing conclusion is based on our understanding that: (i) the loans contemplated by the Citigroup Construction Loan Proposal will be applied for construction of at least 800,000 square feet of leasable area, and (ii) the Company will deliver to SIDA a guarantee of completion of 800,000 square feet of leasable area in substantially the same form as the guarantee of completion provided to Citigroup. We hope that this letter clarifies any confusion concerning this matter.

Very truly yours,

COSTELLO, COONEY & FEARON, PLLC

[Signature]

Robert J. Smith

RJS/sls
September 20, 2005

Hon. Matthew J. Driscoll
Mayor
City of Syracuse
Syracuse City Hall
Syracuse, New York 13202

Dear Mayor Driscoll,

I am pleased by the progress that is occurring on the DestiNY USA project. With an updated financial commitment, steel on-site, and building permits secured, this project is poised to begin construction. Our entire community has a vital stake in the jobs and economic benefits this project will create.

To facilitate construction, the County Attorney has issued an opinion that County Resolution No. 15-02 relating to financing for at least 800,000 square feet of leasable area at the expanded Carousel Center is satisfied by the September 19, 2005 financing commitment by Citigroup Global Markets Realty Corporation to DestiNY. The County Attorney's letter to SIDA to that effect is attached.

The County will join you in the effort to expeditiously move this important project forward.

Given the impact this project will have on the entire County and our standing in this matter, I offer my full assistance, and that of my Administration, to facilitate this last step of the process. We are prepared to meet on this matter as early as possible this week to ensure that all parties are working together to advance this critical project.

I look forward to working with you and DestiNY officials to bring this matter to immediate closure and to begin realizing the tremendous job-creation and economic benefits the project will create.

Sincerely,

Nicholas J. Pirro
County Executive
September 20, 2005

Mr. Irwin L. Davis, Chairman
SIDA
City Hall
Syracuse, New York 13202

Re: Carousel Center Expansion/DestiNY USA Project

Dear Irwin,

This letter is being sent in furtherance of County Resolution No. 15-02 ("Resolution") relating the DestiNY USA project.

On or about December 17, 2004, DestiNY closed on financing from Deutsche Bank Trust Company Americas ("DBTCA") in connection with a +/-840,000 sf of leaseable area expansion of Carousel Center. By letter dated December 17, 2004, (copy attached) the County opined that the loan from DBTCA was sufficient to meet the December 20, 2004 financing deadline established by the fifth Resolved clause of the Resolution. We understand the City also concluded the DBTCA financing satisfied the companion requirement of City Ordinance No. 32 of 2002 ("Ordinance").

Subsequently, the County opined that a commitment for financing from Citigroup Global Markets Realty Corp. ("Citibank") that was intended to be substituted for the DBTCA financing satisfied the requirements of paragraph "g" of the third Resolved clause of the Resolution relating to financing for at least 800,000 sf leaseable area. (see July 26, 2005 letter, a copy of which is attached). Recently we have received and reviewed an Amended and Restated Conditional Commitment Letter dated September 19, 2005. Based on that review, it is the opinion of the County that such amended and restated commitment also satisfies such paragraph "g". This paragraph is the same requirement as in Paragraph "f" of City Ordinance No. 32 of 2002.

Please also note that the Resolution allows for 2000 SIDA Bonds proceeds to be used to pay to construct such 800,000 sf leaseable area to the fullest extent permitted by applicable state law, (see my letter dated April 30, 2003, a copy of which is attached). As is stated in the Resolution, the County shall not be required to issue debt or otherwise use County funds to pay for any of the costs of construction of the Public Improvements (which include Public Infrastructure Improvements, Public Parking Improvements and Public Use Improvements) and such improvements "will be paid for from PILOT Payments allocated therefor or the proceeds of bonds issued by SIDA." A similar statement is contained in the Ordinance. Therefore, using
the bond proceeds to the fullest extent permitted by applicable state law as contemplated in the
Citibank financing is a permissible purpose and fully contemplated by the legislation.

Very truly yours,

[Signature]

Anthony F. Rivizzigno
County Attorney

cc: Honorable Nicholas J. Pirro, County Executive
Honorable Matthew J. Driscoll, Mayor
Terri Bright, Corporation Counsel
Pyramid is a highly sophisticated borrower in the capital markets and often refinances its projects to take advantage of market conditions.

Pyramid constantly monitors the changes in the capital markets as evidenced by over $5 billion in financings since the ordinance was adopted.

The majority of the Pyramid properties have been refinanced during the past 4 years in order to leverage the ever changing market conditions.

The company’s properties have a combined equity value of approximately $2 billion making Pyramid one of the most financially well run private real estate developers in the country.

The ongoing financial strategy is to continually restructure the portfolio to insure maximum flexibility, liquidity and efficiency in cost of capital. It accomplishes these objectives through active relationship management with the leading financial institutions in the world. All opportunities to improve the overall financial structure of a project are carefully evaluated and action is taken when prudent.
In July of this year, the City and SIDA, through its legal counsel (John Opar) indicated a willingness to execute a new Agency Agreement to replace the July 6, 2001 Agency Agreement, which everyone agreed had become antiquated due to various factors. Destiny, in an effort to take the final steps necessary to get this project underway, presents a fully executed Agency Agreement which in almost all respects, is consistent with the Agency Agreement approved by John Opar.

With this executed Agency Agreement, the duties and responsibilities of the parties to this unprecedented project proceeds forward with a framework agreeable to all.
-----Original Message-----
From: Daphne Diaz [mailto:DDiaz@Shearman.com] On Behalf Of John L Opar
Sent: Friday, July 15, 2005 4:49 PM
To: Sheridan Jr, L Kevin
Cc: tbright@ci.syracuse.ny.us; jeverett@hiscockbarclay.com; Ruth Lipshitz
Subject: Carousel Center

Dear Kevin,

Subsequent to our meeting Wednesday morning to review the Agency Agreement draft distributed on July 11, 2005, we have reviewed with our client the modifications to the bond offering and private construction financing for the First Phase of the Carousel Expansion proposed at the meeting by you and Frank Mahoney. Proper evaluation by SIDA of the latest proposed modifications to the structure would require provision by your client of significant additional information, including the current budget for the First Phase as well as a breakdown of costs proposed to be financed out of the bond offering and those to be financed through private construction financing, as required by the applicable Ordinance. Further, any modification to the existing construction loan with DeutscheBank would have to be reviewed for compliance with the Ordinance. In short, SIDA simply does not have sufficient information to evaluate the proposed restructuring of the loan facility and application of bond proceeds.

SIDA does remain committed to a prompt completion and execution of the Amended and Restated Agency Agreement on the terms of the existing draft, a copy of which is attached hereto. To that end, the SIDA Board would be available to convene a meeting next week for final approval of the Amended and Restated Agency Agreement, contemplating the use of the majority of the bond proceeds to finance the completion of the required parking deck and other infrastructure improvements, all in accordance with the plans previously delivered to, and approved by, the City, as well as a limited cost reimbursement to PCO.

Please contact me if you have any questions regarding the foregoing.

Best regards,
Summary of Revisions to July 11, 2005 Agency Agreement

Below is a general summary of material business issues under the above draft agreement and the specific proposed language modifications that have been prepared.

1. **Scope of Public Improvements not clearly stated as broadly as State law permits:**

   The July 11 draft deleted the affirmative statement that Public Improvements are the broadest permitted under State law. It is not clear whether Public Improvements includes common areas, hotels, or other Leasable Area and also voids the Terri Bright letter of 2/1/02 where she affirms that “Public Use Improvements will be interpreted to permit SIDA to collect and use PILOT payments for improvements and facilities to the fullest extent permitted by applicable State law.” (Section 1.03)

   Change Made: The revised draft removes the clause “for improvements and facilities constituting Public Use Improvements in accordance with the PILOT Schedules” and clarifies that the scope of public improvements should be defined as broadly as State law permits.

2. **Use of Proceeds:**

   The July 11 draft contained a requirement that Public Improvement Costs incurred by SIDA or by PCO “to unrelated third parties” were reimbursable. (Section 4.02(C)(5))

   Change Made: Since a large portion of such costs have been legitimately incurred by PCO to related third parties, the clause “to unrelated third parties” has been deleted.

3. **First Phase Reimbursement capped at $27 million: Reimbursement is also limited to unrelated third party expenditures.** (Section 4.02(C)(5)(y))

   Change Made: The revised draft makes clear that $45 million in total is reimbursable: (i) $27 million upon completion of the installation of the pilings shown on the First Phase Plans to be installed in connection with construction of the leasable area of the First Phase in accordance with the First Phase Plans, and (ii) the remaining $19 million on a dollar-for-dollar basis with loans advanced by the First Phase Construction Lender. Later recapture must be permitted.

   Note: this was agreed to by John Opar during previous conversations with Mr. Opar.

4. **Congel Affidavit:** The July 11 draft provided that SIDA’s receipt of the Congel Affidavit is a pre-condition to SIDA’s approval of the reimbursement of Pre-Issuance Costs incurred pursuant to any other Bond issuance.
Change Made: We have provided that in any phase other than the First Phase, the Congel Affidavit may be delivered by any senior executive of PCO if Mr. Congel does not then control PCO. This language is necessary to allow for successors to comply with this requirement due to the long duration of the agreement.

5. Conditions to Issuance of Bonds:

Road Acceptance Ordinance: The July 11 draft added a requirement that all road closure and road acceptance conditions are required to be complied with “by, or prior to, the Issuance Date.”

Change Made: The revised draft deletes the clause “by, or prior to, the Issuance Date.” This is a material economic requirement not originally contemplated in the 2001 Agency Agreement and precludes use of bond proceeds to fund construction of such improvements in the first instance. (Section 4.04(D))

Construction Loan: The July 11 draft specifically requires construction of the parking deck, infrastructure and roadway improvements shown in plans dated 5/19/05 (i.e. the large parking deck).

Change Made: The reference to Deutsche Bank and the first and second advances have been removed as this was a requirement specific to Deutsche Bank. We have also provided that the plans may be amended or otherwise altered in accordance with the Agency Agreement. (Section 4.04(N))

6. No additional SIDA bonds may be issued until completion of first phase.

Change Made: We have deleted this requirement to assure the Company sufficient flexibility to build the project consistent with its vision and market forces. (Section 4.05)

7. Hiawatha Boulevard: PCO is prohibited from closing Hiawatha Boulevard until the land underlying Hiawatha Boulevard is required in connection with construction of Public Improvements south of Hiawatha Boulevard.

Change Made: We have revised the draft to provide that any closure of West Hiawatha Boulevard shall be in accordance with Ordinance 62 of 1998 as this is the applicable law governing such road closure. (Section 7.06)
It is respectfully requested that SIDA:

1. Expedite the closing process for construction financing
2. Authorize issuance of Pilot bonds in the amount of $265 million consistent with the attached election notice.

Independent of requirements set forth in the NYS GML, City Ordinance, County Resolution and the Corporation Counsel’s letter of February 1st, 2002, Public Improvements Costs were determined from John Opar’s attached schedule.

**Source of Proceeds (millions)**

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<th>Description</th>
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<td><strong>Net PILOT Bonds Proceeds</strong></td>
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<td>Public Improvement Costs</td>
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**Use of Proceeds (millions)**

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Public Improvement Costs</td>
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<td>Reimbursement of Invested Costs</td>
<td>$45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$200</td>
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CAROUSEL CENTER EXPANSION OVERVIEW

GBA 1,341,000
Total LA 848,000
Minimum LA 800,000
Excess LA 48,000
Common Area 493,000

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<td>220</td>
<td>155</td>
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In Millions

* Assumes 2/3 – 1/3 allocation

** Attributable to excess 48K

*** Potential Cost Reimbursement:

$27 Land Costs (released upon completion of installation of pilings)
$18 Additional reimbursement of Phase 1 costs up to maximum $18.
$45
October 17, 2005

Syracuse Industrial Development Agency
233 East Washington Street
300 City Hall
Syracuse, New York 13202
Attention: Chairman and Vice-Chairman

Re: Election Notice for Initial Phase of DestiNY USA

Dear SIDA Board Members:

As you are aware, we have been working diligently to initiate the initial sequence of the DestiNY USA. As such, attached to this correspondence is an executed copy of the Election Notice advising the Syracuse Industrial Development Agency that we are prepared to work with the municipal underwriters (as well as their legal counsel), rating agency representatives, bond insurers, and other key stakeholders to close on the 2000 SIDA Bonds.

To the extent you have any questions regarding this material, please do not hesitate to contact me.

Thank you for your consideration.

Sincerely,

DestiNY USA

Bruce A. Kenan

Cc: Office of the Corporation Counsel
233 E. Washington Street
Room 300 City Hall
Syracuse, New York 13202
Attention: Corporation Counsel

Terri Bright
Vito Sciscioli
E. Carlyle Smith
Gary Pickard
Irwin Davis
ELECTION NOTICE

FOR

FIRST PHASE OF THE CAROUSEL EXPANSION
AND OTHER PUBLIC IMPROVEMENTS

In accordance with the Agreement (the “Agreement”) by and between Pyramid Company of Onondaga (“PCO”) and City of Syracuse Industrial Development Agency (“SIDA”), notice is hereby given by PCO to SIDA of PCO’s intention to proceed with the construction of the initial Phase of the Carousel Expansion and other Public Improvements, as such Phase (hereinafter referred to as the First Phase) is described below. Capitalized terms used in this Election Notice not otherwise defined herein shall have the same meanings ascribed to such terms in the Agreement.

General Description of [First] Phase:

The First Phase will consist of Carousel Expansion work and other Public Improvements which will include the construction of more than 800,000 square feet of Leasable Area.

The work to be undertaken to complete the First Phase will largely include construction on the existing Carousel Center site, as well as parking to be located on land generally between Hiawatha Boulevard and Bear Street. Please see the attached sheet for additional details.

Financing:

To finance the undertaking of the Public Improvements Costs for the First Phase, SIDA shall issue, subject to the Agreement taxable bonds in series in the principal amount anticipated to be $265 million (the “2000 SIDA Bonds”). Such principal amount may be amended to reflect actual proceeds available on the date if issuance, and is otherwise subject to change as provided in the Agreement. As of this Date, PCO and not SIDA will be the beneficial owner of all aspects of the First Phase of the project.

Miscellaneous:

DestiNY USA Holdings LLC, (and its successors and assigns) is the Pyramid Entity that owns or is contemplated to own or lease an interest in the First Phase and that will deliver to SIDA a partial assignment and assumption of the Agreement.

Subject to the provisions of the Agreement, at any time prior to the closing relating to the First Phase, PCO may direct SIDA to cease performing the work being undertaken pursuant to this Election Notice.

Subject to the provisions of the Agreement, this Election Notice may be modified, revoked or reissued by PCO at any time prior to the closing of the 2000 SIDA Bonds relating to the First Phase.
April 30, 2003

Office of the Corporation Counsel
300 City Hall
Syracuse, NY 13202
Attn: Terri Bright, Esq.

RE: DestinyUSA PILOT Bond Financing

Dear Terri:

I am writing to make clear the County’s understanding and agreement relative to the intended and permitted uses for PILOT Bond proceeds (“Proceeds”) generated in connection with the Carousel Center Expansion/DestinyUSA (the “Project”). Namely, that Proceeds may be used to pay for any aspect of the Project provided such payment complies with state law.

By way of background on this issue, in 2000 the County legislature adopted its Resolution No. 1-01 in connection with the Project as then contemplated. At that time the County understood that Proceeds would be used primarily to pay the cost of constructing, operating and maintaining “Public Parking Improvements” and “Public Infrastructure Improvements” as then defined. In 2000 the Project was a retail based expansion to existing Carousel Center.

Subsequent to 2000, however, the Project was greatly enhanced by PCO from what was then a proposed primarily retail-based expansion to existing Carousel Center, to a major retail, entertainment, dining, hospitality and tourism venue, designed to attract millions of visitors annually and billions of dollars of commerce to Syracuse, Onondaga County and Central New York. The Project can be a catalyst for the economic transformation of Upstate New York, including Syracuse and Onondaga County, creating tens of thousands of new jobs. This significant potential economic impact has resulted in strong State support for the project as evidenced by the unprecedented NYS Tourism legislation passed in October, 2001, and QEZE non-impairment legislation currently pending in Albany today. Federal interest in the Project is reflected in the designation of Syracuse as a Federal Empowerment Zone and the pending green bond legislation which would facilitate 100% tax exempt status to all Project bonds. With the prospect of the Project leveraging the development of a renewable energy and homeland security industry in Syracuse, I am advised that the Project has attracted the attention of the Federal Departments of Energy and Homeland Security, including the personal attention of the
Secretaries of each Department. The project could attract hundreds of millions of dollars of Federal support for the community.

It was in the context of this anticipated unprecedented economic potential that in 2002 PCO, the City of Syracuse and Onondaga County amended their 2000 legislation.

From the County's perspective we specifically provided and intended that our 2002 Ordinances permit the broadest legally permissible use of Proceeds to pay for any and all costs associated with the Project. We specifically adopted the intentionally expansive concept of "Public Use Improvements" as a permissible Project cost permitted to be paid for by Proceeds. Our collective goal was and is to maximize the size, scope and therefore beneficial impacts of the Project, all of which is available without financial risk to the general public or local and county taxpayers. We understood and agreed that the purpose for this expansive concept was to provide the maximum flexibility to PCO in its use of Proceeds such that any portion of the Project might be paid for by Proceeds provided that such application complied with state law.

In this regard the County reviewed, agreed with and intentionally referred to and incorporated within its 2002 Resolution, as a fundamental assumption, the interpretations, representations and statements contained in the "Corporation Counsel Letter" dated February 1, 2002.

The Corporation Counsel Letter states that Corporation Counsel participated in the preparation of the ordinance and briefings of the Common Council, and provides that it is specifically intended to describe the City's intent. The Corporation Counsel Letter goes on to specifically provide, in pertinent part, that "The term Public Use Improvements will be interpreted to permit SIDA to collect and use PILOT payments for improvements and facilities to the fullest extent permitted by applicable state law." The letter was copied to members of the Syracuse Common Council. In connection with incorporating the Corporation Counsel Letter into the County Ordinance we also reviewed and agreed with opinion letters each dated June 30, 2002 of Messrs. Hiscock & Barclay and Bond, Schoeneck & King, each addressed to the City of Syracuse, opining in substance that the amended PILOT Ordinance granted SIDA the maximum constitutionally permitted authority to use Proceeds to pay for any part of the Project provided it qualifies as a "project" under GML Section 854.

Given the broad public purposes found by the City and the County to be served by the Project, it was unquestionably the County's understanding and agreement with SIDA and PCO that Proceeds were authorized to be used to pay for any part of the Project meeting the expansive definition of "Public Improvements," and that leasable floor area, whether retail, hotel or otherwise, was properly includable within that definition as long as such uses were in compliance with state law.

I am aware that PCO and SIDA are in final discussions relative to the amended Agency Agreement and it is my hope that this letter will facilitate that effort.
April 30, 2003
Page 3

Terri Bright

Please don't hesitate to contact me should you require any additional information regarding this matter.

Sincerely yours,

\[Signature\]

Anthony P. Rivizzigno

cc: The Honorable Matthew Driscoll
    Ted Limpert, Esq.
    Bruce A. Kenan
September 28, 2005

City of Syracuse Industrial Development Agency
Attn.: Irwin Davis, Chairman
City Hall Room 219
233 East Washington Street
Syracuse, New York 13202

RE: DestiNY USA

Dear Chairman Davis,

Enclosed is a copy of a letter I recently sent to Mayor Driscoll last week relating to the Destiny USA project.

As you know, Onondaga County, the developer, and many other affected parties have invested enormous amounts of time, energy and resources in reliance on SIDA’s commitment to proceed with Destiny USA, including the issuance of the PILOT bonds authorized by County Resolution 15-02.

Destiny USA is poised to commence construction. I urge you and your board to fulfill your responsibilities by proceeding promptly to facilitate the closing of the developer’s construction financing and to issue the first series of PILOT bonds.

I also think that it is important to remind the SIDA board of its responsibility in this matter. When we adopted County resolutions approving the new PILOT Agreement, we authorized SIDA and not the City or the Mayor to act on our behalf. Our agreement with the City relates only to the allocation of tax revenues.

If there are any reasons why you are not now proceeding with haste, please contact me. Given the importance of these transactions to the County and the community at large, we should immediately examine and remove any obstacles. I and members of my staff are available to assist in any way possible.
Mr. Irwin Davis  
September 28, 2005  
Page Two  

Please confirm that SIDA will be proceeding without delay to complete these important transactions.  

Very truly yours,  

Nicholas J. Pirro  
County Executive  

cc: Terri Bright  
Gary Pickard  
Vito Sciscioli  
E. Carlyle Smith
October 18, 2005

Mr. Irwin Davis, Chairman
Syracuse Industrial Development Agency
1900 State Tower Building
Syracuse, NY 13202

Dear Mr. Davis:

We have reviewed:

(i) Article 18A of the General Municipal Law of the State, as amended, and Chapter 641 of the Laws of 1979 of the State (the “Act”);


(iii) Onondaga County Legislature Resolution No. 00015 of 2002 adopted on February 4, 2002 (the “2002 Resolution” and with the 2002 Ordinance, the “Amended Approving Legislation”);

(iv) City of Syracuse Industrial Development Agency DestiNY USA Project Resolution adopted on October 8, 2002 (the “SIDA DestiNY Resolution”);

(v) the letter of the City of Syracuse Corporation Counsel dated February 1, 2002, which letter clarified the City’s intent with respect to the 2002 Ordinance and which was incorporated into the 2002 Resolution (the “Corporation Counsel’s Letter”);

(vi) a letter from Bond, Schoeneck & King, LLP dated January 30, 2002 to the Corporation Counsel of the City of Syracuse relating to the 2002 Ordinance;

(vii) a letter from Hiscock & Barclay, LLP dated January 30, 2002 to the Corporation Counsel of the City of Syracuse relating to the 2002 Ordinance;
(viii) a letter from the Onondaga County Department of Law dated April 30, 2003 relating to the 2002 Resolution (the letters identified in (v), (vi), (vii) and (viii) are collectively referred to as the “Support Letters”);

(ix) the amended and restated conditional commitment letter dated September [16], 2005 (the “Citigroup Construction Loan Proposal”) issued by Citigroup Global Markets Realty Corp. (“Citigroup”); and

(x) the proposed agreed funding schedule contemplated by the Citigroup Construction Loan Proposal and forwarded to your Special Counsel on September 27, 2005 (the “Agreed Funding Schedule”).

On behalf of our clients, Pyramid Company of Onondaga and its affiliates (collectively, the “Company”), we write to express our conclusion that the Agreed Funding Schedule and, in particular, the use of SIDA bond proceeds contemplated by the Agreed Funding Schedule, should be treated as being (a) in compliance with the legal requirements of the Act and the Amended Approving Legislation and (b) consistent with the Support Letters. Of particular note to us in reaching our conclusion were the following:

(i) the Corporation Counsel’s Letter states in relevant part that SIDA, without the consent of the City or County, is authorized to “provide for the application of . . . proceeds of SIDA bonds . . . to any Public Improvements”;

(ii) the SIDA DestiNY Resolution authorized and approved “the application of PILOT Payments to all or any portion of the costs of the Public Improvements, including without limitation the DestiNY USA Project”;

(iii) the Amended Approving Legislation defines “Public Improvements” to include “Public Use Improvements”;

(iv) the Corporation Counsel’s Letter further states that “the term Public Use Improvements will be interpreted to permit SIDA to collect and use PILOT Payments for the improvements and facilities to the fullest extent permitted by applicable state law”;

(v) the Act, which is the applicable New York State law, provides that SIDA may use PILOT Payments and SIDA Bond proceeds for a “project,” but does not impose any restriction on the nature of the improvements and facilities that is inconsistent with the Agreed Funding Schedule; and
the SIDA DestiNY Resolution states that the “DestiNY USA Project constitutes a ‘project’ as defined in the Act”.

We hope that this letter clarifies any confusion concerning this matter.

Very truly yours,

L. Kevin Sheridan Jr.

cc: Terri Bright
    Vito Sciscioli
    Gary Pickard
    E. Carlyle Smith
    John Opar, Esq.
October 17, 2005

Mr. Irwin Davis, Chairman
Syracuse Industrial Development Agency
1900 State Tower Building
Syracuse, NY 13202

Dear Mr. Davis:

We have reviewed:

(i) Article 18A of the General Municipal Law of the State, as amended, and Chapter 641 of the Laws of 1979 of the State (the “Act”);  


(iii) Onondaga County Legislature Resolution No. 00015 of 2002 adopted on February 4, 2002 (the “2002 Resolution” and with the 2002 Ordinance, the “Amended Approving Legislation”);  

(iv) City of Syracuse Industrial Development Agency DestiNY USA Project Resolution adopted on October 8, 2002 (the “SIDA DestiNY Resolution”);  

(v) the letter of the City of Syracuse Corporation Counsel dated February 1, 2002, which letter clarified the City’s intent with respect to the 2002 Ordinance and which was incorporated into the 2002 Resolution (the “Corporation Counsel’s Letter”);  

(vi) a letter from Bond, Schoeneck & King, LLP dated January 30, 2002 to the Corporation Counsel of the City of Syracuse relating to the 2002 Ordinance;  

(vii) a letter from Hiscock & Barclay, LLP dated January 30, 2002 to the Corporation Counsel of the City of Syracuse relating to the 2002 Ordinance;  

(viii) a letter from the Onondaga County Department of Law dated April 30, 2003 relating to the 2002 Resolution (the letters identified in (v), (vi), (vii) and (viii) are collectively referred to as the “Support Letters”);  

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the proposed agreed funding schedule contemplated by the Citigroup Construction Loan Proposal and forwarded to your Special Counsel on September 27, 2005 (the “Agreed Funding Schedule”).

On behalf of our clients, Pyramid Company of Onondaga and its affiliates (collectively, the “Company”), we write to express our conclusion that the Agreed Funding Schedule and, in particular, the use of SIDA bond proceeds contemplated by the Agreed Funding Schedule, should be treated as being (a) in compliance with the legal requirements of the Act and the Amended Approving Legislation and (b) consistent with the Support Letters. Of particular note to us in reaching our conclusion were the following:

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(iv) the Corporation Counsel’s Letter further states that “the term Public Use Improvements will be interpreted to permit SIDA to collect and use PILOT Payments for the improvements and facilities to the fullest extent permitted by applicable state law”;

(v) the Act, which is the applicable New York State law, provides that SIDA may use PILOT Payments and SIDA Bond proceeds for a “project,” but does not impose any restriction on the nature of the improvements and facilities that is inconsistent with the Agreed Funding Schedule; and

(vi) the SIDA DestiNY Resolution states that the “DestiNY USA Project constitutes a ‘project’ as defined in the Act.”

We hope that this letter clarifies any confusion concerning this matter.

Very truly yours,

[Signature]
Mr. Irwin Davis, Chairman  
Syracuse Industrial Development Agency  
1900 State Tower Building  
Syracuse, New York 13202

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(x) the proposed agreed funding schedule contemplated by the Citigroup Construction Loan Proposal and forwarded to your Special Counsel on September 27, 2005 (the “Agreed Funding Schedule”).

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(vi) the SIDA DestiNY Resolution states that the “DestiNY USA Project constitutes a ‘project’ as defined in the Act.”

We hope that this letter clarifies any confusion concerning this matter.

Very truly yours,

DEVORSETZ STINZIANO GILBERTI HEINTZ & SMITH, P.C.

[Signature]

Gregory D. Faucher

C: Terri Bright
Vito Sciscioi
Gary Pickard
E. Carlyle Smith
John Opar, Esq.
October 17, 2005

Mr. Irwin Davis, Chairman
Syracuse Industrial Development Agency
1900 State Tower Building
Syracuse, NY 13202

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We have reviewed:


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Mr. Irwin Davis, Chairman  
October 17, 2005  
Page 2

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(ix) the proposed agreed funding schedule contemplated by the Citigroup Construction Loan Proposal and forwarded to your Special Counsel on September 27, 2005 (the "Agreed Funding Schedule").

On behalf of our clients, Pyramid Company of Onondaga and its affiliates (collectively, the "Company"), we write to express our conclusion that the use of PILOT Payments in furtherance of the DestiNY USA Project has been agreed to by the City, County and SIDA to the fullest extent permitted by applicable state law. The Agreed Funding Schedule allocates between the construction lender and the PILOT Bond trustee the costs to construct certain improvements in connection with the first phase of the DestiNY USA Project. The Agreed Funding Schedule and, in particular, the use of SIDA bond proceeds contemplated by the Agreed Funding Schedule should be treated as being (a) in compliance with the legal requirements of the Act and the Amended Approving Legislation and (b) consistent with the Support Letters. Of particular note to us in reaching our conclusion were the following:

(i) the Corporation Counsel's Letter states in relevant part that SIDA, without the consent of the City or County, is authorized to "provide for the application of . . . proceeds of SIDA bonds . . . to any Public Improvements";

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(iii) the Corporation Counsel's Letter further states that "the term Public Use Improvements will be interpreted to permit SIDA to collect and use PILOT Payments for the improvements and facilities to the fullest extent permitted by applicable state law";

(iv) the Act, which is the applicable New York State law, provides that SIDA may use PILOT Payments and SIDA Bond proceeds for a "project," but does not impose any restriction on the nature of the improvements and facilities that are inconsistent with the Agreed Funding Schedule; and
Mr. Irwin Davis, Chairman  
October 17, 2005  
Page 3  

(v) SIDA has already determined that the DestiNY USA Project constitutes a "project" within the scope of the Act. In its October 8, 2002 Amended Approving Resolution, SIDA found, in part, that "the DestiNY USA Project constitutes a "project" [Section 1(f)], and that "application of PILOT Payments to finance all or any portion of the costs of the Public Improvements (including without limitation the DestiNY USA Project), as and to the fullest extent permitted by state law and the [Amended Approving Legislation] furthers the purposes of the Act." [Section 1(r)].

We hope that this letter clarifies any confusion concerning this matter.

Very truly yours,

COSTELLO, COONEY & FEARON, PLLC

[Signature]

Robert J. Smith

RJS/sls