

The Loft at 285 Eastern Parkway Tax Deviation Resolution

A regular meeting of the Nassau County Industrial Development Agency (the "Agency") was convened in public session at the offices of the Agency at 1550 Franklin Avenue, Mineola, Nassau County, New York, on March 12, 2014, at 5:00 p.m. local time.

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

PRESENT:

Timothy Williams	Chairman
John Coumatos	Vice Chairman
Gary Weiss	Secretary

ABSENT:

Christopher Fusco	Asst. Secretary
John T. Ahern	

THE FOLLOWING ADDITIONAL PERSONS WERE PRESENT:

Joseph J. Kearney	Executive Director
Joseph Foarile	Chief Financial Officer
Colleen Pereira	Administrative Director
Nicholas Terzulli	Director of Business Development
Edward Ambrosino, Esq.	General Counsel
Paul O'Brien, Esq.	Bond/Transaction Counsel
Milan Tyler, Esq.	Bond/Transaction Counsel

The attached resolution no. 2014-10 was offered by G. Weiss, seconded by J. Coumatos:

Resolution No. 2014-10

RESOLUTION AUTHORIZING A DEVIATION FROM THE UNIFORM
TAX EXEMPTION POLICY OF THE NASSAU COUNTY
INDUSTRIAL DEVELOPMENT AGENCY WITH RESPECT
TO A PROJECT FOR THE LOFT AT 285 EASTERN PARKWAY LLC

WHEREAS, the Nassau County Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title I of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act"), and Chapter 674 of the 1975 Laws of New York, as amended, constituting Section 922 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of manufacturing, industrial and commercial facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install one or more "projects" (as defined in the Act), or to cause said projects to be acquired, constructed, reconstructed and installed and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, The Loft at 285 Eastern Parkway LLC (as successor to SPA 79 M L.P.) submitted an application for financial assistance (the "Application") to the Agency requesting that the Agency consider undertaking a project (the "Project") consisting of the following: (A)(1) the acquisition of an interest in a parcel of land located at 285 Eastern Parkway, Incorporated Village of Farmingdale, Town of Oyster Bay, County of Nassau, New York (Section: 49; Block: 57; Lot: 110) (collectively, the "Land"), (2) the partial demolition of the existing structures on the Land, (3) the construction and/or renovation of an approximately 40,000 square foot building on the Land, including related improvements to the Land (collectively, the "Building"), and (4) the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment (the "Equipment"), all of the foregoing for use by the Company as a facility consisting of approximately 27 residential rental apartments, a portion of which shall be affordable units (collectively, the "Project Facility"); (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the General Municipal Law) with respect to the foregoing; and (C) the lease (with an obligation to purchase), license or sale of the Project Facility to the Company or such other entity as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, the Application states that the Applicant is seeking an exemption from real property taxes with respect to the Project Facility that constitutes a deviation from the Agency's Uniform Tax Exemption Policy (the "Tax Exemption Policy"); and

WHEREAS, pursuant to Section 874(4) of the Act, the Executive Director of the Agency (A) caused a letter dated February 19, 2014 (the "Pilot Deviation Notice Letter") to be mailed to the chief executive officer of each affected tax jurisdiction, informing said individuals that the Agency would, at its meeting on March 12, 2014 (the "IDA Meeting"), consider a proposed deviation from the Tax Exemption Policy with respect to the payment in lieu of taxes agreement to be entered into by the Agency with respect to the Project Facility; and (B) conducted the IDA Meeting on the date hereof and reviewed any comments and correspondence received from the affected tax jurisdictions with respect to the proposed deviation from the Tax Exemption Policy; and

WHEREAS, the Agency desires to provide for compliance with the provisions of Section 874(4) of the Act with respect to the proposed deviation from the Tax Exemption Policy;

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

Section 1. The Agency hereby determines that the Agency has fully complied with the requirements of Section 874(4) of the Act relating to the proposed deviation from the Tax Exemption Policy.

Section 2. Having reviewed all comments and correspondence received at or prior to the IDA Meeting from the affected tax jurisdictions, the Agency hereby approves the proposed deviation from the Tax Exemption Policy as described in the Pilot Deviation Notice Letter (a copy of which is attached hereto as Exhibit A) because the proposed deviation is necessary to induce the Applicant to undertake the Project and the real property taxes would not be lower than the real property taxes that should otherwise apply with respect to the Land as of the closing date of the transaction.

Section 3. The Chairman, Vice Chairman, Administrative Director and Executive Director of the Agency are each hereby authorized and directed, acting individually or jointly, to distribute copies of this Resolution to the Applicant and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution. If the Agency hereafter adopts appropriate final approving resolutions with respect to the proposed straight-lease transaction with the Applicant (the "Transaction"), the Chairman, Vice Chairman, Executive Director and Administrative Director of the Agency are each hereby authorized and directed, acting individually or jointly, to cause the Agency to (A) enter into a Payment in Lieu of Taxes Agreement with the Applicant, providing, among other things, that the Applicant shall make payments in lieu of taxes consistent with the formula set forth in the Pilot Deviation Notice Letter, and

(B) file an application for real property tax exemption with the appropriate assessor(s) with respect to the Project Facility.

Section 4. This Resolution shall take effect immediately, but is subject to and conditioned upon the closing of the Transaction.

ADOPTED: March 12, 2014

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

Timothy Williams	VOTING	Aye
John Coumatos	VOTING	Aye
Gary Weiss	VOTING	Aye
Christopher Fusco	EXCUSED	
John T. Ahern	EXCUSED	

The foregoing Resolution was thereupon declared duly adopted.

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

I, the undersigned (Assistant) Secretary of Nassau County Industrial Development Agency (the "Agency"), DO HEREBY CERTIFY that I have compared the foregoing extract of the minutes of the meeting of the members of the Agency, including the resolution contained therein, held on March ~~12~~¹⁴, 2014 with the original and of such resolution set forth therein and of the whole of such original so far as the same relates to the subject matters therein referred to.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 14 day of March, 2014.



[Asst.] Secretary

(SEAL)

EXHIBIT A

Pilot Deviation Notice Letter

See Attached

EDWARD P. MANGANO
COUNTY EXECUTIVE



JOSEPH J. KEARNEY
EXECUTIVE DIRECTOR

NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY
THEODORE ROOSEVELT COUNTY EXECUTIVE & LEGISLATIVE BLDG.
1550 FRANKLIN AVENUE, SUITE 235
MINEOLA, NY 11501
TELEPHONE (516) 571-1945 FAX (516) 571-1076
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February 19, 2014

CERTIFIED MAIL, RETURN
RECEIPT REQUESTED and
FIRST CLASS MAIL

County Executive Edward P. Mangano
County of Nassau
1550 Franklin Avenue
Mineola, NY 11501

NOTICE OF MEETING FOR
PROPOSED DEVIATION FROM
UNIFORM TAX EXEMPTION POLICY

Dear County Executive Mangano:

Notice is hereby given that at a meeting of the Nassau County Industrial Development Agency (the "Agency") to be held on March 6, 2014 at 5:00 p.m. local time at the offices of the Agency at 1550 Franklin Avenue, Suite 235, Mineola, New York, the Agency will consider whether to approve the application of The Loft at 285 Eastern Parkway LLC (successor to SPA 79 M L.P.), a limited liability company organized and existing under the laws of the State of New York (the "Applicant") for certain "financial assistance" which, if granted, would deviate from the Agency's Uniform Tax Exemption Policy (the "Policy") with respect to the payment of real property taxes. The meeting of the Agency will be open to the public.

The Applicant has submitted an application (the "Application") to the Agency requesting that the Agency consider undertaking a project (the "Project") consisting of the following: (A)(1) the acquisition of an interest in a parcel of land located at 285 Eastern Parkway, Incorporated Village of Farmingdale, Town of Oyster Bay, County of Nassau, New York (Section: 49; Block:

Doc #05-438649.2

57; Lot: 110) (collectively, the "Land"), (2) the partial demolition of the existing structures on the Land, (3) the construction and/or renovation of an approximately 40,000 square foot building on the Land, including related improvements to the Land (collectively, the "Building"), and (4) the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment (the "Equipment"), all of the foregoing for use by the Applicant as a facility consisting of approximately 27 residential rental apartments, a portion of which shall be affordable units (collectively, the "Project Facility"); (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the General Municipal Law) with respect to the foregoing; and (C) the lease (with an obligation to purchase), license or sale of the Project Facility to the Applicant or such other entity as may be designated by the Applicant and agreed upon by the Agency.

The Application states that the Applicant is seeking an abatement of real property taxes. However, based upon preliminary negotiations between representatives of the Applicant and the Agency, the parties contemplate that the Agency may agree to grant a real property tax exemption (the "Property Tax Exemption") with respect to the Project Facility as follows:

(i) for the period commencing on the date of the closing of the Project transaction (the "Closing Date") to and including the day prior to the Effective Date, payments shall be equal to one hundred percent (100%) of the real property taxes and assessments that would be levied annually upon the Project Facility without taking into consideration the transfer of ownership, jurisdiction, supervision or control of the Project Facility to the Agency; and

(ii) for the period commencing on the Effective Date and continuing for twenty (20) full fiscal tax years thereafter, fixed payments equal to the sum of the BASE PILOT and the IMPROVEMENT PILOT.

Thereafter, and through the end of the term of the lease or installment sale agreement with respect to the Project Facility, the payments would be equal to the real property taxes and assessments that would be payable as if the Project Facility were returned to the tax rolls as taxable property and subject to taxation at its then current, full assessed value, as the same may be reassessed from time to time, and subject to tax rate increases imposed by the affected tax jurisdictions.

For the purposes of the foregoing, the following terms shall have the following meanings:

(a) "BASE PILOT" shall be deemed to mean the amount of all real property taxes and assessments that would be payable on the Land, such amount to be determined by the Agency based on the most recent assessment data available to the Agency as of the closing (including any applicable approved tax certiorari stipulation with the applicable tax assessor(s)), which amount shall be increased by three percent (3%) per year (compounded) after the third (3rd) fiscal tax year. Except as set forth in the immediately preceding sentence, the BASE PILOT shall not increase or decrease during the term of the PILOT Agreement. The BASE PILOT shall be reduced by any special taxes, assessments or levies that the Applicant is required to pay separately to the affected tax jurisdictions. In calculating the Base PILOT, the Agency shall take into

account the most recent assessment data (i.e., assessed value and tax rates) available as of the closing including any applicable approved tax certiorari stipulation or other settlement or arrangement with the applicable tax assessor(s).

(b) "IMPROVEMENT PILOT" shall be deemed to mean the product of the following amounts, as determined by the Agency: (i) the Assessed Value of the Improvement, (ii) the PILOT Rate, and (iii) the number 0.01, as phased in and adjusted pursuant to Exhibit A attached hereto. The term "Assessed Value of the Improvement" shall be deemed to mean the product of (y) the fair market value of the Project Facility (less the market value used in the calculation of the BASE PILOT) for real property tax valuation purposes, computed as of the estimated date of completion, as determined by the Agency using a methodology reasonably selected by the Agency, and (z) the level of assessment used by the Nassau County Assessor as of the year in which the Closing Date occurs. The PILOT Rate shall be evidenced by School Tax Bills, Village Tax Bills and General Tax Bills based on the most recent data available to the Agency as of the year in which the Closing Date occurs. The IMPROVEMENT PILOT shall be reduced by any special taxes, assessments or levies that the Applicant is required to pay separately to the affected tax jurisdictions.

(c) "Effective Date" shall be deemed to mean for each affected tax jurisdiction the first day of the first fiscal tax year occurring after the first tax status date occurring after the Closing Date.

The Property Tax Exemption, if approved by the Agency, would constitute a deviation from the Policy.

The reason for the deviation is that the Property Tax Exemption, if approved by the Agency, is necessary to induce the Applicant to undertake the Project and that the PILOT payments would not be lower than the real property taxes that would otherwise apply with respect to the Land as of the closing.

Sincerely,

NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____


Joseph J. Kearney
Executive Director

Exhibit A

Period	Begin	End	Assessed Value of Improvement ("AV") Phase-In	Pilot Rate
1	Closing Date	1 day prior to Effective Date	N/A	N/A
2	Effective Date	1 yr Anniversary of Effective Date	.00 * AV	SUM OF TAX RATES AS OF YEAR OF CLOSING ("RATE")
3	1 yr Anniversary of Effective Date	2 yr Anniversary of Effective Date	.05 * AV	RATE
4	2 yr Anniversary of Effective Date	3 yr Anniversary of Effective Date	.10 * AV	RATE
5	3 yr Anniversary of Effective Date	4 yr Anniversary of Effective Date	.15 * AV	RATE * 1.03
6	4 yr Anniversary of Effective Date	5 yr Anniversary of Effective Date	.20 * AV	RATE * 1.0609
7	5 yr Anniversary of Effective Date	6 yr Anniversary of Effective Date	.25 * AV	RATE * 1.0927
8	6 yr Anniversary of Effective Date	7 yr Anniversary of Effective Date	.30 * AV	RATE * 1.1255
9	7 yr Anniversary of Effective Date	8 yr Anniversary of Effective Date	.35 * AV	RATE * 1.1693
10	8 yr Anniversary of Effective Date	9 yr Anniversary of Effective Date	.40 * AV	RATE * 1.1941
11	9 yr Anniversary of Effective Date	10 yr Anniversary of Effective Date	.45 * AV	RATE * 1.2299
12	10 yr Anniversary of Effective Date	11 yr Anniversary of Effective Date	.50 * AV	RATE * 1.2668
13	11 yr Anniversary of Effective Date	12 yr Anniversary of Effective Date	.55 * AV	RATE * 1.3048
14	12 yr Anniversary of Effective Date	13 yr Anniversary of Effective Date	.60 * AV	RATE * 1.3439
15	13 yr Anniversary of Effective Date	14 yr Anniversary of Effective Date	.65 * AV	RATE * 1.3842
16	14 yr Anniversary of Effective Date	15 yr Anniversary of Effective Date	.70 * AV	RATE * 1.4258
17	15 yr Anniversary of Effective Date	16 yr Anniversary of Effective Date	.75 * AV	RATE * 1.4685
18	16 yr Anniversary of Effective Date	17 yr Anniversary of Effective Date	.80 * AV	RATE * 1.5126
19	17 yr Anniversary of Effective Date	18 yr Anniversary of Effective Date	.85 * AV	RATE * 1.5580
20	18 yr Anniversary of Effective Date	19 yr Anniversary of Effective Date	.90 * AV	RATE * 1.6047
21	19 yr Anniversary of Effective Date	20 yr Anniversary of Effective Date	.95 * AV	RATE * 1.6528
Period	BASE PILOT	IMPROVEMENT PILOT	TOTAL PILOT	
1	100% of taxes as of year of Closing	100% of taxes as of year of Closing	BASE PILOT + IMPROVEMENT PILOT	
2	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
3	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
4	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
5	100% of taxes as of year of Closing * 1.03	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
6	100% of taxes as of year of Closing * 1.0609	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
7	100% of taxes as of year of Closing * 1.0927	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
8	100% of taxes as of year of Closing * 1.1255	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
9	100% of taxes as of year of Closing * 1.1693	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	

10	1.1593 100% of taxes as of year of Closing *	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT
11	1.1941 100% of taxes as of year of Closing *	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT
12	1.2299 100% of taxes as of year of Closing *	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT
13	1.2668 100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT
14	*1.3048 100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT
15	*1.3439 100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT
16	*1.3842 100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT
17	*1.4258 100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT
18	*1.4685 100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT
19	*1.5126 100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT
20	*1.5580 100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT
21	*1.6047 100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT
	*1.6528 100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT