Bethpage Strategic Development Area Resolution

A regular meeting of the Nassau County Industrial Development Agency (the "Agency") was convened in public session at the offices of the Agency located at 1550 Franklin Avenue, Suite 235, Mineola, County of Nassau, New York, on June 22, 2011, 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:

Jeffrey L. Seltzer	Chairman
Louis G. Savinetti	Vice Chairman
Bruce Ungar	Treasurer
Christopher Fusco	Asst. Secretary

ABSENT:

Gary Weiss	Secretary

THE FOLLOWING PERSONS WERE ALSO PRESENT:

Joseph J. Kearney	Executive Director
Colleen Pereira	Administrative Director
Paul O'Brien, Esq.	Bond/Transaction Counsel
Milan Tyler, Esq.	Bond/Transaction Counsel

The attached resolution no. 2011-14 was offered by L. Savinetti, seconded by C. Fusco:

Resolution No. 2011-14

RESOLUTION OF THE NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY (THE "AGENCY") DESIGNATING THE BETHPAGE GRUMMAN SITE AS A "STRATEGIC DEVELOPMENT AREA"

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, pursuant to Section 874(4) of the Act, the Agency has adopted a uniform tax exemption policy (the "UTEP") that applies to and governs the granting of "financial assistance" (as defined in Section 854 of the Act); and

WHEREAS, the Policy provides that the Agency may give special consideration to Agency projects if they achieve the goals set forth in the Agency's strategic financial assistance policy (the "Strategic Policy"); and

WHEREAS, the members of the Agency believe that there are a limited number of large geographic areas within the County of Nassau (the "County") that offer potentially strategic opportunities for economic development and job creation; and

WHEREAS, the Agency engaged Camoin Associates (the "Consultant") to prepare an economic impact analysis with respect to the redevelopment of the Grumman site in Bethpage, Nassau County (the "Grumman Site"); and

WHEREAS, the Consultant's economic impact analysis dated June 2011 (the "Report") has been delivered to the Agency and is attached hereto as Exhibit A; and

WHEREAS, based on certain assumptions as to the maximum development potential of the Grumman Site, the Report provides an estimate of the number of potential jobs that could either be retained or created in the County if the Grumman Site is remediated and redeveloped; and

WHEREAS, the Report finds that the remediation and redevelopment of the Grumman Site could have a significant positive economic impact on the County because of the potential for retention and creation of a significant number of jobs and because of the economic spending power that could be preserved and created by such jobs; and

WHEREAS, the members of the Agency now desire to designate the Bethpage Strategic Area (as hereinafter defined) as a "strategic development area" for purposes of the Agency's Strategic Policy;

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

Section 1. The Agency hereby designates the Grumman Site as depicted on Exhibit B (the "Site Map"), together with all properties adjacent thereto (whether owned by the County or otherwise) (collectively, the "Bethpage Strategic Area"), as a "strategic development area" for purposes of the Agency's Strategic Policy.

Section 2. The Strategic Policy is hereby amended to provide that projects within the Bethpage Strategic Area shall be subject to special consideration under the Strategic Policy with respect to the granting of financial assistance.

Section 3. The Agency hereby determines that the proposed action is a Type II Action pursuant to Article 8 of the New York Environmental Conservation Law (including the regulations thereunder, "SEQRA") involving "continuing agency administration" which does not involve "new programs or major reordering of priorities that may affect the environment" (6 NYCRR §617.5(c)(20)) and therefore no Findings or determination of significance are required under SEQRA.

Section 4. This Resolution shall not preclude the Agency from adopting other or further policies relating to projects and activities of the Agency as determined from time to time by the members of the Agency.

Section 5. This Resolution shall take effect immediately.

ADOPTED: June 22, 2011

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

Jeffrey L. Seltzer	VOTING	Aye
Louis G. Savinetti	VOTING	Aye
Bruce Ungar	VOTING	Aye
Gary Weiss	ABSENT	
Christopher Fusco	VOTING	Aye

The foregoing Resolution was thereupon declared duly adopted.

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

I, the undersigned [Assistant] Secretary of the 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 June 22, 2011 with the original thereof on file in my office, and that the same is a true and correct copy of said original and of such Resolution set forth therein and of the whole of said original so far as the same relates to the subject matter therein referred to.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 22nd day of June, 2011.

[Assistant] Secretary

(SEAL)

EXHIBIT A

Economic Impact Report

See Attached

Grumman Site Development
Economic Impact Analysis

June 2011

Prepared For:

Nassau County IDA

Prepared By:

camoin associates
ECONOMIC DEVELOPMENT

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EXECUTIVE SUMMARY

The Nassau County Industrial Development Agency (the "Agency") commissioned Camoin Associates to assess the economic impact of the redevelopment and use of certain lands totaling 105 acres at a site on South Oyster Bay Road in Bethpage, NY (the "Property"). Since the exact occupants and uses of the Property are not yet known, Camoin Associates investigated three potential reuse scenarios, namely the Property redeveloped: 1) as a research and development complex 2) as a business office park, and 3) as a light manufacturing park. We relied on maximum square footage build out estimates provided to us by the Agency to estimate total employment in each scenario using employee-per-square foot industry averages.

Below is a summary of the economic impacts we project will result in each scenario. Please note that an essential assumption underlying our analysis is that all jobs at the Property will be "net new" to Nassau County and will not simply be jobs transferred from one Nassau County site to this subject Property.

Summary of Impacts			
	Scenario 1	Scenario 2	Scenario 3
Direct Jobs	3,900	3,900	1,950
Indirect Jobs	3,354	3,120	2,184
Total Jobs	**7,254**	**7,020**	**4,134**
Direct Earnings	$336,700,000	$335,400,000	$167,050,000
Indirect Earnings	$178,451,000	$167,700,000	$128,628,500
Total Earnings	**$515,151,000**	**$503,100,000**	**$295,678,500**
New County Sales Tax Revenue	**$3,606,057**	**$3,521,700**	**$2,069,750**

Source: EMSI, Camoin Associates

As shown, we estimate that between 1,950 and 3,900 jobs could be created onsite should the Property be redeveloped to its maximum lot coverage under existing zoning regulations. Including jobs created indirectly, the total Nassau County job change could range from 4,134 to 7,254. This corresponds to onsite earnings of between $167-336 million and total Nassau County earnings of between $295-515 million. The creation of these new jobs and associated earnings would also have certain fiscal impacts on the County. As shown, we estimate that the County would enjoy between $2-3.6 million annually in new sales tax revenues resulting from the earnings being spent in the County.

While not part of the scope of our study, we note that there are a number of additional significant positive impacts for the County that would result from the redevelopment of this Property. From an economic perspective, the construction of almost a million square feet of building space would result in a substantial number of construction jobs spanning several years. Other fiscal impacts would include property tax revenue generated by the site as well as sales tax revenue received during the construction phase of the project, neither of which can be calculated at the present time due to uncertainty about the dollar value of the construction project to be undertaken.

INTRODUCTION

As part of the economic impact analysis of the Property, Camoin Associates formulated three potential development scenarios based on our assessment of the County's existing industry mix and industry clusters currently present. The three potential scenarios include the Property predominately reused as: 1) a research and development complex 2) a business office park and 3) a light manufacturing park. Within these three scenarios, Camoin Associates analyzed the NAICS codes of the three highest employing industries within Nassau County for which data was available, namely:

Scenario One – Research and Development Complex

- 541512 Computer Systems Design Services
- 541712 Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology)
- 541711 Research and Development in Biotechnology

Scenario Two – Business Office Park

- 541110 Offices of Lawyers
- 541211 Offices of Certified Public Accountants
- 541330 Engineering Services

Scenario Three – Light Manufacturing Park

- 325412 Pharmaceutical Preparation Manufacturing
- 332710 Machine Shops
- 334111 Electronic Computer Manufacturing

The selected industries are currently among the highest employers within Nassau County and are among the industries that currently have the highest number of establishments located within Nassau County for the major industry sector in question (Research and Development, Business Offices and Light Manufacturing). The assumption is that these industries are already well established within Nassau County, and developing the property to accommodate more of these businesses may be economically viable because these industries could benefit from the existing labor force, supporting services, and business linkages that are already in place within the County.

The Agency provided Camoin Associates with a zoning analysis conducted by the law firm of Forchelli, Curto, Deegan, Schwartz, Mineo, Cohn & Terrana, LLP on May 17, 2011. The zoning analysis sought to determine the maximum allowable square footage buildout of the Property under zoning regulations. The analysis also considered the ratio of square footage to acreage in the nearby Bethpage Business Park as a comparable site. The analysis concluded that up to 975,000 square feet of building space could be constructed on the Property.

Camoin Associates used this maximum build out square footage to determine potential onsite employment counts. Specifically, we used a figure of 250 square feet of building space per employee for both Scenario One and Scenario Two. For Scenario Three, we used a figure of 500 square feet per employee given the industrial nature of the redevelopment.

Camoin Associates used the input-output model designed by Economic Modeling Specialists, Inc. (EMSI) to calculate total economic impacts of each scenario. EMSI allows the analyst to input the amount of

"new"[1] direct economic activity (spending or jobs) occurring within the County and uses the direct inputs to estimate the spillover effects that the net new spending or jobs have as these new dollars circulate through the Nassau County economy. This is captured in the indirect impacts, and is commonly referred to as the "multiplier effect."

In order to determine the annual economic impact of the Project on the County, the first step was to calculate the number of employees occupying jobs that can be considered net new to the County's economy. In other words, we needed to determine the number of employment positions that, but for the Project, would not exist in Nassau County. Since the Property is currently vacant and the future tenants and occupants of the Property are not known at this point, we assumed that 100% of the jobs to be created under each of the scenarios are considered new to the County. This is a critical assumption in an impact analysis. Were the percentage of new jobs to be lower than 100%, the total economic impacts reported in the summary of this document would be proportionately lower (i.e. if only 80% of the jobs created on site were "new", than the economic impacts would be 80% of those reported in the summary).

[1] For a detailed description of Direct and Indirect Jobs see Attachment A

SCENARIOS

Scenario One: Research and Development Complex

The table below outlines the impact that the jobs associated with the Grumman site will have on Nassau County in terms of direct, indirect and total impacts on employment and wages, if developed as a Research and Development (R&D) facility. The Project will support 3,900 direct jobs, and a total of 7,254 jobs. The jobs "multiplier effect" of developing the site as an R&D facility will create an additional 3,354 jobs in supporting and tertiary industries. This is an increase of 86% over the direct jobs to be created in R&D related industries.

Scenario 1 - Research and Development Facility			
	Direct	Indirect	Total
Jobs	3,900	3,354	7,254
Earnings	$336,700,000	$178,451,000	$515,151,000
Earnings Per Employee*	$86,333	$53,205	$71,016

* Note that the direct column includes only wages whereas the indirect column includes wages and business income
Source: ESRI, Camoin Associates

As shown in the table above, we anticipate that 3,990 jobs and over $336 million in new earnings will occur at the Project itself. Taking into account the additional indirect and induced economic impacts on Nassau County from those direct jobs, total employment created by the project is estimated at 7,254 jobs and over $515 million in annual earnings.

Scenario Two: Business Office Park

As business offices, we project the Project will support 3,900 direct jobs. However, the total impact will be slightly lower than that of the R&D scenario because the jobs multiplier is slightly lower (1.80 versus 1.86), yielding a total jobs figure of 7,020. This jobs "multiplier effect" of developing the site as a business office park is therefore expected to create an additional 3,120 jobs in supporting and tertiary industries.

The earnings per employee figure was calculated by averaging the annual earnings of the three selected industries in each scenario, and it is merely coincidence that the average of the three selected industries in R&D is the roughly the same as the three selected industries in business offices. The following table considers the economic impact of those 3,900 jobs on the Nassau County economy in terms of annual jobs and annual earnings.

Scenario 2 - Business Offices			
	Direct	Indirect	Total
Jobs	3,900	3,120	7,020
Earnings	$335,400,000	$167,700,000	$503,100,000
Earnings Per Employee*	$86,000	$53,750	$71,667

* Note that the direct column includes only wages whereas the indirect column includes wages and business income
Source: ESRI, Camoin Associates

As shown in the table above, we anticipate that 3,900 jobs and over $335 million in new earnings will occur at the Property itself. Taking into account the additional indirect economic impacts on Nassau County from those direct jobs, total employment created by the project is estimated at 7,020 jobs and over $503 million in annual earnings.

Scenario Three: Light Manufacturing Park

Developing the Project as a Light Manufacturing park will yield the lowest total economic impact of the three scenarios. As a light manufacturing facility, the Project will support 1,950 direct jobs, which represents the maximum allowable job creation for this use under the general assumption of one job per 500 square feet of space. The jobs "multiplier effect" of developing the site as a light manufacturing facility is higher than either scenario one or two (being 2.12) and therefore an additional 2,184 jobs in supporting and tertiary industries are expected.

The earnings per employee was calculated by averaging the annual earnings of the three selected industries in each scenario. The following table considers the economic impact of those 1,950 jobs on the Nassau County economy in terms of annual jobs and annual earnings.

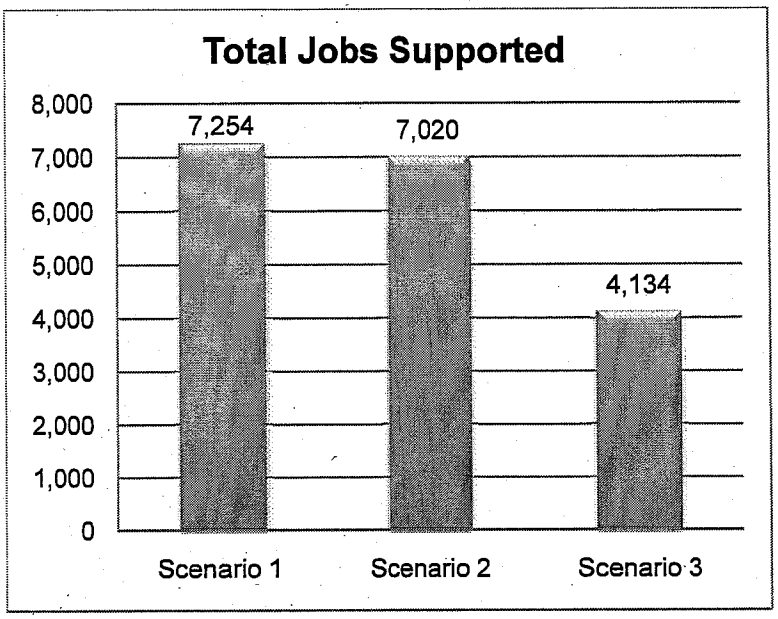
Scenario 3 - Light Manufacturing			
	Direct	Indirect	Total
Jobs	1,950	2,184	4,134
Earnings	$167,050,000	$128,628,500	$295,678,500
Earnings Per Employee*	$85,667	$58,896	$71,524

* Note that the direct column includes only wages whereas the indirect column includes wages and business income
Source: ESRI, Camoin Associates

As shown in the table above, we anticipate that 1,950 jobs and over $167 million in new earnings will occur at the Property itself. Taking into account the additional indirect and induced economic impacts on Nassau County from those direct jobs, total employment created by the project is estimated at 4,134 jobs and over $295 million in annual earnings.

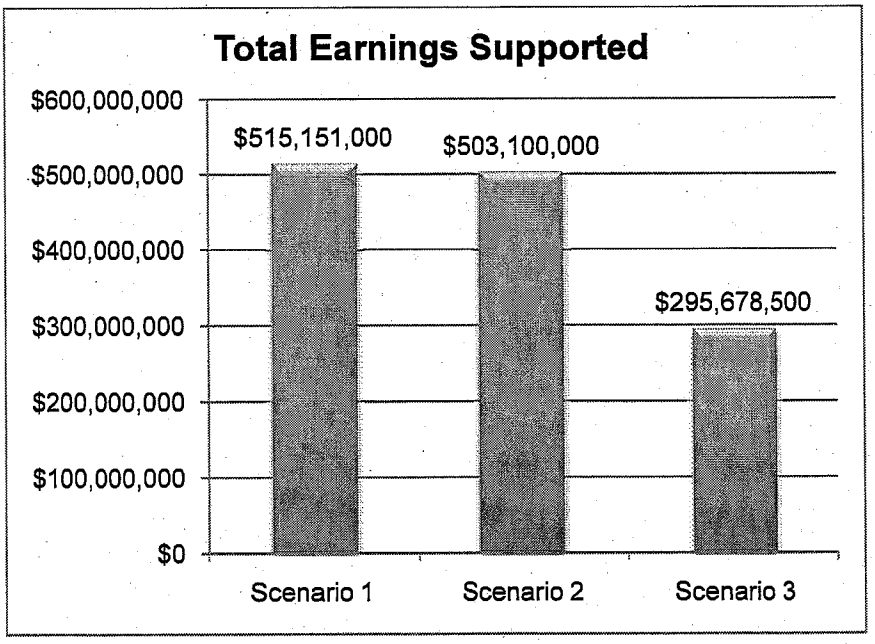
COMPARISON OF SCENARIOS

As detailed in the analysis above, Scenario 1 would likely have the greatest economic impact upon Nassau County, with 7,254 total jobs supported by the redevelopment of the Property.



Source: EMSI, Camoin Associates

Scenario 1 would also yield the most in total annual earnings.



Source: EMSI, Camoin Associates

The table below compares the ratio of indirect jobs to direct jobs. This is essentially the jobs multiplier effect specific to the industries being studied.

Percent Increase of Direct to Indirect Jobs	
	Percent Increase
Scenario 1	86%
Scenario 2	80%
Scenario 3	112%

Source: EMSI, Camoin Associates

FISCAL IMPACT

As detailed in the previous sections, the jobs associated with each of the scenarios will result in new earnings and thus new spending within the County. Camoin Associates assumes that 70% of all new earnings will be spent within Nassau County, of which 25% will be on purchases subject to the sales tax. The table below details the tax impact of each of the three scenarios.

Annual County Sales Tax Revenue			
	Scenario 1	Scenario 2	Scenario 3
Total New Earnings	$515,151,000	$503,100,000	$295,678,500
Amount Spent in County (70%)	$360,605,700	$352,170,000	$206,974,950
Amount Taxable (25%)	$ 90,151,425	$ 88,042,500	$ 51,743,738
New County Sales Tax Revenue	**$ 3,606,057**	**$ 3,521,700**	**$ 2,069,750**

Source: Camoin Associates

In addition to the above, there are other fiscal impacts on the County that would result from the Project that cannot be quantified at the present moment. For example, the County would likely receive substantial property tax income from the Project, but the taxable assessed value of the property is unknown and therefore the amount of the tax payment cannot be calculated. Likewise, there may be certain one-time benefits that cannot be quantified at the present moment, such as the value of sales tax revenues resulting from construction-period earnings being spent in the County.

ATTACHMENT A

What is economic impact analysis?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial "change in final demand". To understand the meaning of "change in final demand", consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells $1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is $1 million because dollars are flowing in from outside the United States and are therefore "new" dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the "Direct Effects" of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer's vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will "leak out". What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of spending. These sets of industry-to-industry purchases are referred to as the "Indirect Effects" of the change in final demand.

Finally, the widget manufacturer has employees who will naturally spend their wages. As with the Indirect Effects, the wages spent will either be for local goods and services or will "leak" out of the economy. The purchases of local goods and services will then stimulate other local economic activity; such effects are referred to as the "Induced Effects" of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial $1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects and the Induced Effects. The ratio between Direct Effects and Total Effects (the sum of Indirect and Induced Effects) is called the "multiplier effect" and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar ($1) of change in final demand, an additional $1.40 of indirect and induced economic activity occurs for a total of $2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the "local economy" is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the $1 million of widgets being purchased by Canadians is not causing total North American demand to increase by $1 million. Presumably, those Canadian purchasers will have $1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD

players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many "new" dollars the producer would be causing to occur domestically.

EXHIBIT B

Site Map

See Attached

SUBJECT PROPERTY PHOTOGRAPH
Subject Aerial

1. Building 3
2. Building 3 PROM
3. Building 3 Heat Treatment
4. Building 10
5. North Warehouses
6. South Warehouses
7. Water Treatment & Control Center
8. Drum Marshalling Area
9. Salvage Building