

## **HSRE-EB Jericho LLC 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 1, 2017, 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
Christopher Fusco	Asst. Secretary

### **NOT PRESENT:**

Michael Rodin

### **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. 2017-08 was offered by C. Fusco, seconded by G. Weiss:

Resolution No. 2017-08

RESOLUTION AUTHORIZING A DEVIATION FROM THE UNIFORM  
TAX EXEMPTION POLICY OF THE NASSAU COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY WITH RESPECT  
TO A PROJECT FOR HSRE-EB JERICO 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, HSRE-EB JERICO LLC, a limited liability company organized and existing under the laws of the State of Delaware and authorized to do business in the State of New York (the "Applicant"), presented an application for financial assistance (the "Application") to the Agency, which Application requested that the Agency consider undertaking a project (the "Project") consisting of the following: (A)(1) the acquisition of an interest in an approximately 10-acre parcel of land located at 300-310 Jericho Turnpike, Jericho, Town of Oyster Bay, Nassau County, New York (Section: 17; Block: 11; Lots: 26 and 27) (the "Land"), (2) the construction of an approximately 336,000 square foot building (the "Building") on the Land, together with related improvements to the Land, and (3) the acquisition of certain furniture, fixtures, machinery and equipment necessary for the completion thereof (the "Equipment"), all of the foregoing for use by the Applicant as an assisted living residential rental facility (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; 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, (A) the Executive Director of the Agency caused a letter dated February 10, 2017 (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 1, 2017 (the "IDA Meeting"), consider a proposed deviation from the Tax Exemption Policy with respect to payments in lieu of real property taxes that would be made pursuant to a payment in lieu of taxes agreement to be entered into by the Agency with respect to the Project Facility; and (B) the members of the Agency conducted the IDA Meeting on the date hereof and reviewed any comments and correspondence received 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. Prior to make the determination set forth in the Resolution, the members of the Agency have considered the following factors, among others, in accordance with the Tax Exemption Policy: (1) the extent to which the Project will create or retain permanent jobs; (2) the extent to which the Project will create construction jobs; (3) the estimated value of tax exemptions to be provided with respect to the Project; (4) the amount of private sector investment; (5) the likelihood of the Project being accomplished in a timely manner; (6) the extent of new revenue that would be provided to local taxing jurisdictions as a result of the Project; and (7) any other miscellaneous public benefits that might result from the Project.

Section 2. 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 3. Having reviewed all comments and correspondence received at or prior to the IDA Meeting, 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 because the PILOT payments would not be lower than the real property taxes that would otherwise apply with respect to the Land and the existing improvements thereon as of the date of closing of the transaction.

Section 4. 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 5. This Resolution shall take effect immediately, but is subject to and conditioned upon the closing of the Transaction.

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	VOTING	Aye
Michael Rodin	EXCUSED	

The foregoing Resolution was thereupon declared duly adopted.

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

We, the undersigned [~~Vice~~] Chairman and [~~Assistant~~] Secretary of the Nassau County Industrial Development Agency (the "Agency"), do hereby certify that we 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 1, 2017 with the original thereof on file in our 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 matters therein referred to.

WE 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.

WE 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, we have hereunto set our respective hands and affixed the seal of the Agency this 1<sup>st</sup> day of March, 2017.

(SEAL)

  
\_\_\_\_\_  
[Assistant] Secretary

  
\_\_\_\_\_  
[Vice] Chairman

**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 225  
MINEOLA, NY 11501  
TELEPHONE (516) 571-1945 FAX (516) 571-1076  
WWW.NASSAUIDA.ORG

February 10, 2017

**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 PROPOSED DEVIATION FROM  
UNIFORM TAX EXEMPTION POLICY**

Dear County Executive Edward P. Mangano:

Notice is hereby given that at a meeting of the Nassau County Industrial Development Agency (the "Agency") to be held on March 1, 2017 at 5:00 p.m. local time at the offices of the Agency at 1550 Franklin Avenue, Mineola, New York, the Agency will consider whether to approve the application of HSRE-EB JERICHO LLC, a limited liability company organized and existing under the laws of the State of Delaware and authorized to do business in 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 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 an approximately 10-acre parcel of land located at 300-310 Jericho Turnpike, Jericho, Town of Oyster Bay, Nassau County, New York (Section: 17; Block: 11; Lots: 26 and 27) (the "Land"), (2) the construction of an approximately 336,000 square foot building (the "Building") on the Land, together with related improvements to the Land, and (3) the acquisition of certain furniture, fixtures, machinery and equipment necessary for the completion thereof (the "Equipment"), all of the foregoing for use by the Applicant as an assisted living residential rental facility (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 in the form of potential exemptions or partial exemptions from

real property taxes, mortgage recording taxes and sales and use taxes (collectively, the "Financial Assistance"); 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 an approximately seventeen (17) year real property tax exemption (the "Property Tax Exemption") with respect to the Project Facility with payments not less than the following amounts for the following years of the term of the Property Tax Exemption:

<b>YEAR</b>	<b>PILOT</b>
1	5408,960
2	408,960
3	408,960
4	408,960
5	408,960
6	622,647
7	827,825
8	1,035,766
9	1,246,497
10	1,460,044
11	1,676,439
12	1,895,709
13	2,117,885
14	2,342,993
15	2,571,065
16	2,802,132
17	3,036,222

For purposes of the foregoing schedule, PILOT Year 1 shall mean the first fiscal tax year of each of the affected tax jurisdictions following the first taxable status following the closing of the proposed transaction and filing of the appropriate application(s) for exemption. The portion of each annual PILOT Payment shall be allocated among the affected tax jurisdictions in proportion to the amount of real property taxes that would have been received by each affected tax jurisdiction had the Project Facility not been tax exempt due to the status of the Agency.

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.

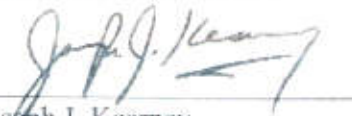


The Property Tax Exemption, if approved by the Agency, would constitute a deviation from the Policy.

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 in Nassau County and that the initial PILOT amount would not be lower than the real property taxes that would otherwise apply with respect to the Land and the improvements thereon as of the closing date.

Sincerely,

NASSAU COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By: 

Joseph J. Kearney  
Executive Director

EDWARD P. MANGANO  
COUNTY EXECUTIVE



JOSEPH J. KEARNEY  
EXECUTIVE DIRECTOR

NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
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TELEPHONE (516) 374-1945 FAX (516) 374-1076  
www.nassaindc.org

February 10, 2017

**CERTIFIED MAIL, RETURN  
RECEIPT REQUESTED and  
FIRST CLASS MAIL**

Superintendent Henry L. Grishman  
Jericho Union Free School District  
99 Cedar Swamp Road  
Jericho, NY 11753

**NOTICE OF PROPOSED DEVIATION FROM  
UNIFORM TAX EXEMPTION POLICY**

Dear Superintendent Henry L. Grishman:

Notice is hereby given that at a meeting of the Nassau County Industrial Development Agency (the "Agency") to be held on March 1, 2017 at 5:00 p.m. local time at the offices of the Agency at 1550 Franklin Avenue, Mineola, New York, the Agency will consider whether to approve the application of HSRE-EB JERICHO LLC, a limited liability company organized and existing under the laws of the State of Delaware and authorized to do business in 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 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 an approximately 10-acre parcel of land located at 300-310 Jericho Turnpike, Jericho, Town of Oyster Bay, Nassau County, New York (Section: 17; Block: 11; Lots: 26 and 27) (the "Land"), (2) the construction of an approximately 336,000 square foot building (the "Building") on the Land, together with related improvements to the Land, and (3) the acquisition of certain furniture, fixtures, machinery and equipment necessary for the completion thereof (the "Equipment"), all of the foregoing for use by the Applicant as an assisted living residential rental facility (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 in the form of potential exemptions or partial exemptions from real property taxes, mortgage recording taxes and sales and use taxes

(collectively, the "Financial Assistance"); 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 an approximately seventeen (17) year real property tax exemption (the "Property Tax Exemption") with respect to the Project Facility with payments not less than the following amounts for the following years of the term of the Property Tax Exemption:

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For purposes of the foregoing schedule, PILOT Year 1 shall mean the first fiscal tax year of each of the affected tax jurisdictions following the first taxable status following the closing of the proposed transaction and filing of the appropriate application(s) for exemption. The portion of each annual PILOT Payment shall be allocated among the affected tax jurisdictions in proportion to the amount of real property taxes that would have been received by each affected tax jurisdiction had the Project Facility not been tax exempt due to the status of the Agency.

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.

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

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Sincerely,

NASSAU COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By:

A handwritten signature in dark ink, appearing to read "Joseph J. Kearney", is written over a horizontal line.

Joseph J. Kearney  
Executive Director



EDWARD P. MANGANO  
COUNTY EXECUTIVE



JOSEPH J. KEARNEY  
EXECUTIVE DIRECTOR

NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
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February 10, 2017

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Supervisor Joseph S. Saladino  
Town of Oyster Bay  
54 Audrey Avenue  
Oyster Bay, NY 11771

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Sincerely,

NASSAU COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY

By:

  
Joseph J. Kearney  
Executive Director