

NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY,

AND

ISLA BLU AT LONG BEACH LLC

UNIFORM PROJECT AGREEMENT

DATED AS OF AUGUST 1, 2021

UNIFORM PROJECT AGREEMENT

THIS UNIFORM PROJECT AGREEMENT (hereinafter, the “Project Agreement”), is made as of the 1st day of August, 2021, by and between the NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, having an office at One West Street, Mineola, New York 11501 (the “Agency”), and ISLA BLU AT LONG BEACH LLC, a limited liability company organized and existing under the laws of the State of Delaware, having an office at 300 Jericho Turnpike, Jericho, Nassau County, New York 11753 (the “Company”).

WITNESSETH:

WHEREAS, the Agency is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 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, as in effect as of the Closing Date (as hereinafter defined), 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 industrial, manufacturing, warehousing, commercial, research and recreation 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, ENGEL BURMAN AT THE BEACH LLC (the “Applicant”), on behalf of itself and entities formed or to be formed on its behalf (including, without limitation, the Company), has presented an application for financial assistance (the “Application”) to the Agency, which Application requests that the Agency consider undertaking a project (the “Project”) consisting of the following: (A)(1) the acquisition of an interest in an approximately 6.04 acre parcel of land located between Long Beach Boulevard, Shore Road and Riverside Boulevard, City of Long Beach, Nassau County, New York (Section: 59; Block: 116; Lots: 39 and 40 (formerly known as Lot 38) (the “Land”), (2) the construction of an approximately 620,000 square foot mixed-use building, transit oriented development (collectively, the “Building”) on the Land, together with related improvements to the Land, including, but not limited to, a parking garage, and (3) the acquisition of certain furniture, fixtures, machinery and equipment (the “Equipment”) necessary for the completion thereof (collectively, the “Project Facility”), all of the foregoing for use by the Applicant and/or entities formed on its behalf as (i) a mixed use, including residential use, facility structure on Lot 39 (the “Non-Rental Project

Land”) consisting of approximately two-hundred (200) residential condominium housing units (the “Non-Rental Project Facility”) and (ii) a mixed use, including residential use, facility structure on Lot 40 (the “Rental Project Land”) consisting of approximately two-hundred-thirty-eight (238) residential rental housing units (30 of which units shall be affordable/workforce units) (the “Rental Project Facility”) and approximately 6,500 square feet of retail space, together with two (2) levels of structured parking (each such parking and retail components located within and apportioned amongst the Rental Project Facility and the Non-Rental 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 (but only with respect to the Rental Project Facility), mortgage recording taxes and/or sales and use taxes (collectively, the “Financial Assistance”); and (C) the lease (with an obligation to purchase), license or sale of the Rental Project Facility and Non-Rental Project to the Applicant or such other entity as may be designated by the Applicant and agreed upon by the Agency; and

WHEREAS, by resolution adopted by the members of the Agency on April 7, 2020 (the “Preliminary Inducement Resolution”), the Agency, following a review of the Application, determined to take preliminary action toward the acquisition and straight leasing of the Project for the Company and made a determination to proceed with the Project; and

WHEREAS, the Executive Director of the Agency (A) caused notice of a public hearing of the Agency pursuant to Section 859-a of the Act (the “Public Hearing”) to hear all persons interested in the Project and the Financial Assistance contemplated by the Agency with respect to the Project, to be mailed on August 7, 2020 to the chief executive officer of Nassau County, New York and of each other affected tax jurisdiction within which the Project Facility is or is to be located; (B) caused notice of the Public Hearing to be published on August 9, 2020 in the Nassau edition of *Newsday*, a newspaper of general circulation available to residents of the County of Nassau, New York; (C) caused the Public Hearing to be conducted on August 19, 2020, at 3:00 p.m. and 6:30 p.m., local time, electronically, in furtherance of the provisions of Section 859-a of the General Municipal Law requiring interested parties be provided a reasonable opportunity, both orally and in writing, to present their views with respect to the Project, and pursuant to Governor Cuomo’s Executive Order 220.15 issued on April 9, 2020, as extended by Executive Order 202.29 issued on May 8, 2020, and Executive Order 202.39, issued on June 7, 2020, Executive Order 202.49 issued on July 6, 2020 and Executive Order 202.55 issued on August 5, 2020, suspending the Open Meetings Law and authorizing the conduct of public hearings through use of telephone conference, video conference and/or other similar service, by broadcasting the Public Hearing live on the Agency’s Youtube channel at <https://www.youtube.com/channel/UCuERg-5BYx9VSdBVHUPTYJw/featured>, as well as by providing public access to provide oral comments via Zoom, said Public Hearings also having been held in-person for those members of the public who wished to attend in person at the Allegria Hotel, 80 W. Broadway, Long Beach, NY 11561; and (D) caused a report of the Public Hearing (the “Report”) to be prepared which fairly summarizes the views presented at the Public Hearing and distributed the Report to the members of the Agency; and

WHEREAS, in accordance with Section 874(4) of the Act, (A) the Executive Director of the Agency caused notice of a meeting of the Agency (the “IDA Meeting”) with respect to the proposed deviation from the Agency’s uniform tax exemption policy and guidelines to be mailed

on August 7, 2020 to the chief executive officer of each affected tax jurisdiction; and (B) the members of the Agency conducted the IDA Meeting on August 25, 2020 and reviewed any written comments or correspondence regarding the proposed deviation from the Agency's uniform tax exemption policy and approved the proposed deviation; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act"), and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (the "Regulations," and collectively with the SEQR Act, "SEQRA"), the appropriate personnel of the Agency reviewed the environmental assessment form and other materials submitted by the Company and made any necessary comments to the members of the Agency, and by resolution of the members of the Agency adopted on August 25, 2020, the Agency decided to conduct an uncoordinated review of the Project and determined that the Project will not have a significant adverse environmental impact and that an environmental impact statement will not be prepared; and

WHEREAS, by resolution adopted by the members of the Agency on August 25, 2020 (the "Authorizing Resolution"), the Agency, following a review of the Report, determined to proceed with the Project, to grant the Financial Assistance and to enter into the "straight lease transaction" (as such quoted term is defined in the Act) contemplated by the Sublease Agreement and the other Transaction Documents (as hereinafter defined); and

WHEREAS, by its Resolution, the Agency approved certain financial assistance for the benefit of the Company in connection with the Project as well as certain benefits, exemptions and other financial assistance consisting of: (a) an exemption from all New York State and local sales and use tax for purchases and rentals related to the Project with respect to the qualifying personal property included in or incorporated into the Rental Project Facility or used in the acquisition, construction or equipping of the Rental Project Facility, (b) a partial exemption from mortgage recording tax (by reason of Section 874 of the General Municipal Law; **provided, however, such section does not exempt the additional mortgage recording tax imposed on real property located within a transportation district pursuant to Sections 253(2)(a) of the Tax Law**) with respect to the Lender Mortgage, if any and the PILOT Mortgage, and (c) a partial abatement from real property taxes for the Rental Project Facility only conferred through a certain payment in lieu of tax agreement between the Agency and the Company (the "PILOT Agreement") requiring the Company to make payments-in-lieu-of-taxes, as more particularly set forth therein ("PILOT Payments") for the benefit of each municipality and school district having taxing jurisdiction over the Rental Project Component (collectively, the sales and use tax exemption benefit, the mortgage recording tax exemption benefit, and the partial abatement from real property taxes benefit, are hereinafter collectively referred to as the "Financial Assistance"); and

WHEREAS, pursuant to and in accordance with Sections 859-a and 874 of the Act, the Agency requires, as a condition and as an inducement for it to provide any Financial Assistance, that the Company enter into this Project Agreement for the purposes of, among other things, to govern administration of and provide assurances with respect to the provision and recapture of said Financial Assistance upon the terms herein set forth; and

WHEREAS, this Project Agreement sets forth the terms and conditions under which Financial Assistance shall be provided to the Company; and

WHEREAS, no agency appointment in favor of the Company or any subagent thereof, nor any amount of Financial Assistance shall be provided to the Company by the Agency prior to the effective date of this Project Agreement; and

WHEREAS, immediately after the execution and delivery of this Project Agreement, the Company will execute and deliver or cause to be executed and delivered to the Agency (A) a certain company lease agreement of even date herewith (the “Non-Rental Project Facility Company Lease”) between the Company and the Agency, which conveys to the Agency a leasehold interest in and to the Non-Rental Project Facility and (B) a bill of sale dated the Closing Date (the “Non-Rental Project Facility Bill of Sale to Agency”), which conveys to the Agency all right, title and interest of the Company in and to the Equipment to be installed in the Non-Rental Project Facility; and

WHEREAS, the Agency proposes to appoint the Company as agent of the Agency to undertake the construction, renovation, installation and equipping of the Non-Rental Project Facility, to lease the Non-Rental Project Facility from the Company pursuant to the Non-Rental Project Facility Company Lease and to sublease the Non-Rental Project Facility to the Company, and the Company desires to act as agent of the Agency to undertake the construction, renovation, installation and equipping of the Non-Rental Project Facility, to lease the Non-Rental Project Facility to the Agency and to sublease the Non-Rental Project Facility from the Agency, all pursuant to the terms and conditions set forth herein and in that certain Sublease Agreement of even date herewith (as the same may be amended, modified, supplemented or restated from time to time, the “Sublease Agreement”) related to the Non-Rental Project Facility between the Agency and the Company; and

WHEREAS, the members of the Agency have determined that (A) the granting of the Financial Assistance by the Agency to the Company is necessary to induce the Company to proceed with the Project, and (B) there is a likelihood that the Project would not be undertaken but for the granting of the Financial Assistance by the Agency to the Company;

NOW THEREFORE, in consideration of the covenants herein contained and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

ARTICLE I. DEFINITIONS

Section 1.1 Definitions of Terms. The words and terms as used in this Project Agreement shall have the same meanings as used in **Schedule A** attached hereto and made a part hereof, unless the context or use indicates another or different meaning or intent.

ARTICLE II. REPRESENTATIONS AND COVENANTS

Section 2.1 Representations and Covenants of the Company. The Company makes the following representations and covenants in order to induce the Agency to proceed with the Non-Rental Project Facility:

(a) The Company is a limited liability company validly formed, existing and in good standing under the laws of the State of Delaware, is authorized to do business in the State of New York, has the authority to enter into this Project Agreement, and has duly authorized the execution and delivery of this Project Agreement.

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

(c) The Non-Rental Project Facility and the operation thereof will conform in all respects with all applicable zoning, planning, and building laws and regulations of governmental authorities having jurisdiction over the Non-Rental Project Facility, and the Company shall defend, indemnify and hold the Agency harmless from any liability or expenses resulting from any failure by the Company to comply with the provisions of this subsection (c).

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

(e) The Company covenants that the Non-Rental Project Facility will comply in all respects with all environmental laws and regulations, and, except in compliance with environmental laws and regulations, and except as set forth on the Environmental Report (as defined in the Sublease Agreement), (i) that no pollutants, contaminants, solid wastes, or toxic or hazardous substances will be stored, treated, generated, disposed of, or allowed to exist on the Non-Rental Project Facility except in compliance with all material applicable laws, (ii) that the Company will take all reasonable and prudent steps to prevent an unlawful release of hazardous substances onto the Non-Rental Project Facility or onto any other property, (iii) that no asbestos will be incorporated into or disposed of on the Non-Rental Project Facility, (iv) that no underground storage tanks will be located on the Non-Rental Project Facility, and (v) that no investigation, order, agreement, notice, demand or settlement with respect to any of the above is threatened, anticipated, or in existence. The Company upon receiving any information or notice contrary to the representations contained in this Section shall immediately notify the Agency in writing with full details regarding the same. The Company hereby releases the Agency from liability with respect to, and agrees to defend, indemnify, and hold harmless the Agency, its executive director, directors, members, officers, employees, agents (other than the Company), representatives, successors, and assigns from and against any and all claims, demands, damages,

costs, orders, liabilities, penalties, and expenses (including reasonable attorneys' fees) related in any way to any violation of the covenants or failure to be accurate of the representations contained in this Section. In the event the Agency in its reasonable discretion deems it necessary to perform due diligence with respect to any of the above, or to have an environmental audit performed with respect to the Non-Rental Project Facility, the Company agrees to pay the expenses of same to the Agency upon demand.

(f) Any personal property acquired by the Company in the name of the Agency shall be located in Nassau County, except for temporary periods during ordinary use.

(g) The Company hereby represents to the Agency that facilities and property that are primarily used in making retail sales of goods and services to customers who personally visit the Non-Rental Project Facility will not constitute more than one-third (1/3) of the total costs of the Non-Rental Project Facility, except in accordance with New York General Municipal Law (the "GML") Section 862.

(h) The Company acknowledges and agrees that, except to the extent of bond proceeds (to the extent bonds are issued by the Agency with respect to the Non-Rental Project Component), the Agency shall not be liable, either directly or indirectly or contingently, upon any such contract, agreement, invoice, bill or purchase order in any manner and to any extent whatsoever (including payment or performance obligations), and the Company shall be the sole party liable thereunder.

(i) The Company covenants and agrees that at all times, it will (i) maintain its existence and not dissolve, (ii) continue to be a limited liability company subject to service of process in the State and either organized under the laws of the State, or organized under the laws of any other state of the United States and duly qualified to do business in the State, (iii) not liquidate, wind-up or dissolve or otherwise sell, assign, or dispose of all or substantially all of its property, business or assets. This Project Agreement may not be assigned in whole or part without the prior written consent of the Agency, except as set forth herein or in the Transaction Documents to the contrary.

(j) The Company confirms and acknowledges under the penalty of perjury that as of the date hereof, the Company, as owner, occupant, or operator of the Non-Rental Project Component receiving Financial Assistance from the Agency in connection with the Non-Rental Project Component, is in substantial compliance with all applicable local, state and federal tax, worker protection and environmental laws, rules and regulations. The Company agrees that it will, throughout the term of this Project Agreement, promptly comply in all respects with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all federal, state, county, municipal and other governments, departments, commissions, boards, companies or associations insuring the premises, courts, authorities, officials and officers, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Non-Rental Project Facility or any part thereof, or to any use, manner of use or condition of the Non-Rental Project Facility or any part thereof. Notwithstanding the foregoing, the Company may in good faith contest the validity of the applicability of any requirement of the nature referred to in this Section 2.1. In such event, the Company, with the prior written consent of the Agency (which shall not

be unreasonably conditioned, delayed or withheld) may fail to comply with the requirement or requirements so contested during the period of such contest and any appeal therefrom unless the Agency shall notify the Company that it must comply with such requirement or requirements.

(k) The Non-Rental Project Component will not have a “significant adverse environmental impact” (as such term is used in SEQRA) and the Company hereby covenants to comply with all mitigating measures, requirements and conditions enumerated or referenced in the resolution adopted by the Agency on August 25, 2020 under SEQRA applicable to the acquisition, construction, renovation, installation, equipping and operation of the Non-Rental Project Facility contemplated by Section 4.1 of this Project Agreement and in any other approvals issued by any other Governmental Authority with respect to the Non-Rental Project Facility. No material changes with respect to any aspect of the Non-Rental Project Component have arisen from the date of the adoption of such resolution which would cause the determinations contained therein to be untrue.

(l) The Company is not a Prohibited Person, no Guarantor is a Prohibited Person, no Affiliate of the Company or any Guarantor is a Prohibited Person and no member, manager, director or shareholder of the Company or any Guarantor, as applicable, is a Prohibited Person.

(m) Neither this Project Agreement nor any other Transaction Document nor any other document, certificate, agreement or instrument furnished to the Agency by or on behalf of the Company or any Guarantor contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading.

(n) No funds of the Agency shall be used in connection with the transactions contemplated by this Project Agreement for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given hereunder to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State.

(o) Except as approved by the Agency, the Company is, and shall at all times during the term of this Project Agreement, continue to be owned by ISLA BLU AT LONG BEACH Member LLC. The daily operations of the Non-Rental Project Component will be managed by three or more of Steven Krieger, Jan Burman, David Burman, Scott Burman, and Jonathan Weiss (collectively, the “Initial Operations Group”).

(p) The Company shall, with respect to the Non-Rental Project Facility, create one hundred fifty (150) full time equivalent, construction jobs during the construction period (collectively, the “Minimum Employment Requirement”). Such construction jobs, however, shall not be duplicative of the one hundred fifty (150) full time equivalent, construction jobs during the construction period to be created by THE BREEZE AT LONG BEACH LLC at the property located at Nassau County Tax Map Number Section 59, Block 116, Lot 40 pursuant to the Sublease Agreement between THE BREEZE AT LONG BEACH LLC and the Agency of even date herewith, all in connection with the Project.

(q) The Non-Rental Project Facility is located entirely within the boundaries of the City of Long Beach, Nassau County, New York, and is located only within the Long Beach School District.

(r) The total cost of the Non-Rental Project Component is at least \$211,156,250.00.

(s) Neither the Company, nor any Guarantor, nor any Affiliate of the Company or any Guarantor has employed or retained any appointed or elected governmental official to solicit or secure the Agency's undertaking of the Non-Rental Project Component or its agreement to enter into this Project Agreement or any other Transaction Document upon an agreement of understanding for a commission or percentage, brokerage or contingent fee.

ARTICLE III. GENERAL

Section 3.1 Purpose of Rental Project Component. The purpose of the Financial Assistance with respect to the Non-Rental Project Component is to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of the Non-Rental Project Facility to advance job opportunities, health, general prosperity and economic welfare of the people of Nassau County, New York, and to specifically promote the investment commitment, employment commitment, and other commitments of the Company contained herein and in the Company's Application and to prevent economic deterioration of the site of the Non-Rental Project Facility.

ARTICLE IV. Financial Assistance and Recapture of Benefits

Section 4.1 In accordance with the Resolution and the Cost-Benefit Analysis (or such other equivalent document or report, as determined by the Agency) (the "CBA"), attached hereto as Exhibit A, disclosed by the Agency at its public hearing for the Project (the "Public Hearing"), the Company further: (i) covenants, with respect to the Sales Tax Exemption, that it shall comply with this Project Agreement, specifically, but not limited to, Section 4.3 hereof; (ii) confirms that the Mortgage Recording Tax Exemption (as defined in Section 4.7 hereof) shall not exceed an amount based upon Maximum Mortgage Principal Amount, as more fully described in Section 4.7 hereof (it being understood and agreed that nothing herein shall prohibit the Company from obtaining a mortgage or mortgages in a greater amount if it pays the excess Mortgage Recording Tax applicable over the Maximum Mortgage Recording Tax Exemption); and (iii) confirms that real property tax abatement to be provided to the Company shall conform to those disclosed within the CBA at the Public Hearing for the Project and as contained within the PILOT Agreement, a form of which PILOT Agreement is attached hereto as Exhibit A.

Section 4.2 Reserved.

Section 4.3 Sales Tax Exemption.

(a) The Agency hereby appoints and confirms its appointment of the Company as the true and lawful agent of the Agency to undertake the Non-Rental Project Component. Such appointment was made by the Agency pursuant to the Resolution and this Project Agreement.

(b) The Company, as agent for the Agency, will undertake the Non-Rental Project Component. The Company hereby agrees to limit its activities as agent for the Agency under the authority of the Authorizing Resolution to acts reasonably related to the acquisition, construction, renovation, rehabilitation and equipping of the Non-Rental Project Facility. The right of the Company to act as agent of the Agency shall expire on the later of (x) the Completion Date of the Non-Rental Project Component, or (y) July 1, 2025 (“Termination Date”); provided, however, that the Agency may extend the Company's agent appointment at its discretion upon the written request of the Company if such activities and improvements are not completed by such time, and further provided that the Agency shall not unreasonably withhold its consent to the extension of such appointment.

Following the Completion Date the Company shall continuously operate the Non-Rental Project Facility in accordance with the provisions of this Project Agreement. The Company covenants to diligently prosecute its application for any required building permits for the Non-Rental Project Facility. Completion of the construction, renovation, installation and equipping of the Non-Rental Project Facility shall be evidenced by a certificate signed by an Authorized Representative of the Company delivered to the Agency stating (A) the date of such completion, (B) that all labor, services, materials and supplies used therefor and all costs and expenses in connection therewith have been paid, (C) that the acquisition, construction, renovation, installation and equipping of the Non-Rental Project Facility have been completed in a good and workmanlike manner, (D) that the Company and the Agency have good and valid interests in and to all Property constituting a portion of the Non-Rental Project Facility, free and clear of all Liens and encumbrances except Permitted Encumbrances, and (E) that the Non-Rental Project Facility is ready for occupancy, use and operation for its intended purposes. Such certificate shall be accompanied by a temporary or permanent certificate of occupancy for all the Non-Rental Project Facility and any and all permissions, licenses or consents required of Governmental Authorities for the occupancy, operation and use of the Non-Rental Project Facility for its intended purposes.

(c) Agency's Exempt Status. The Agency constitutes a corporate governmental agency and a public benefit corporation under the laws of the State of New York, and therefore, in the exercise of its governmental functions, is exempt from the imposition of Sales and Use Taxes. As an exempt governmental entity, no exempt organization identification number has been issued to the Agency nor is one required. Notwithstanding the foregoing, the Agency makes no representation to the Company, any Agent or any third party that any Sales Tax Exemption is available under this Project Agreement.

(d) Scope of Authorization of Sales Tax Exemption. The Agency hereby authorizes the Company, subject to the terms and conditions of this Project Agreement, to act as its agent in connection with the Non-Rental Project Facility for the purpose of effecting purchases and leases of certain items so that such purchases and leases are exempt from the

imposition of Sales and Use Taxes. The Agency's authorization with respect to such Sales Tax Exemption provided to the Company and its Agents pursuant to this Project Agreement shall be subject to the following limitations:

(i) The Sales Tax Exemption shall be effective only for a term commencing on the date hereof and expiring upon the earliest of (A) the termination of this Project Agreement, (B) the Termination Date (as same may be extended), (C) failure of the Company to file Form ST-340, as described in Section 4.5(g) below, (D) the termination of the Sales Tax Exemption authorization pursuant to Section 4.6 or (E) the date upon which the Company received the Maximum Sales Tax Exemption.

(ii) The Sales Tax Exemption authorization set forth herein shall automatically be suspended upon written notice to the Company that the Company is in default under this Project Agreement (or related document) until such default is cured to the satisfaction of the Agency.

(iii) The Sales Tax Exemption authorization shall be subject to all of the terms, conditions and provisions of this Project Agreement.

(iv) The Sales Tax Exemption shall only be utilized for items which shall be purchased, incorporated, completed or installed for use only by the Company at the Non-Rental Project Facility or in connection with the Non-Rental Project Component (and not with any intention to sell, transfer or otherwise dispose of any such item to a Person as shall not constitute the Company), it being the intention of the Agency and the Company that the Sales Tax Exemption shall not be made available with respect to any item unless such item is used solely by the Company at the Non-Rental Project Facility or in connection with the Non-Rental Project Component.

(v) The Sales Tax Exemption shall not be used to benefit any person or entity, including any tenant or subtenant located at the Non-Rental Project Facility, other than the Company, without the prior written consent of the Agency.

(vi) By execution by the Company of this Project Agreement, the Company agrees to accept the terms hereof and warrants to the Agency that the use of the Sales Tax Exemption by the Company or by any Agent is strictly for the purposes stated herein.

(vii) Upon the Termination Date, the Company and each Agent shall cease being agents of the Agency, and the Company shall immediately notify each Agent in writing of such termination.

(viii) The Company agrees that the aggregate amount of Sales Tax Exemption realized by the Company and by all Agents of the Company, if any, in connection with the Non-Rental Project Facility shall not exceed in the aggregate the Maximum Sales Tax Exemption.

(e) Quarterly Sales Tax Report. The Company agrees to furnish to the Agency within fifteen (15) days after the end of each calendar quarter, a sales and use tax exemption report (the “Quarterly Sales Tax Report”), in form and substance satisfactory to the Agency in its reasonable judgment, with respect to the use of the Sales Tax Agency Agreement by the Company and the contractors and subcontractors engaged by the Company and approved by the Agency as its agents and sub agents during the preceding calendar quarter. Each said Quarterly Sales Tax Report shall be certified by an Authorized Representative of the Company and shall: (1) identify the contracts and specific property exempted from sales taxes and/or use taxes during such period; (2) indicate the parties to said contract; (3) indicate the maximum amount payable under said contract, and indicate what portion of said amount would normally be subject to sales and use taxes imposed in the State; (4) indicate the amount of sales tax benefit expected to be received with respect to said contract; and (5) indicate the cumulative sales tax benefit claimed by the Company (and its contractors and subcontractors approved by the Agency as its agents and sub-agents) with respect to the Non-Rental Project Component for the calendar year.

Section 4.4 Procedures for Appointing Subagents. If the Company desires to seek the appointment of a contractor, a subcontractor or other party to act as the Agency’s agent, including, but not limited, to the individuals and entities described on Schedule B attached hereto (a “Subagent”) for the purpose of effecting purchases which are eligible for the Sales Tax Exemption pursuant to authority of this Project Agreement, it must complete the following steps:

(i) The Company shall have the right to amend Schedule B from time to time and shall solely be responsible for maintaining an accurate list of all parties acting as Subagents for the Agency. The Company's right to appoint Subagents is expressly conditioned upon the updating of Schedule B hereto, along with, for each Subagent, the Company must complete and submit Form ST-60 to the Agency, attached hereto as Exhibit B. An Authorized Representative of the Agency will sign the Form ST-60 and return the same to the Company. Following receipt of the signed Form ST-60, the Company must file such Form ST-60 within thirty (30) days of the date that the Agency appoints a project operator or other person or entity to act as agent of the Agency for purposes of extending a sales or use tax exemption to such person or entity. The Company acknowledges and agrees that it shall be the Company's sole and exclusive responsibility to file a completed Form ST-60 with respect to any Subagent and the failure to timely do so could result in an Event of Default and Recapture Event (as hereinafter defined).

(ii) The Company shall ensure that each Subagent shall observe and comply with the terms and conditions of this Project Agreement.

(iii) Form ST-60 Not an Exemption Certificate. The Company acknowledges that the executed Form ST-60 designating the Company or any Subagent as an agent of the Agency shall not serve as a sales or use tax exemption certificate or document. Neither the Company nor any other Agent may tender a copy of the executed Form ST-60 to any person required to collect sales tax as a basis to make such purchases exempt from tax. No such person required to collect sales or use taxes may accept the executed Form ST-60 in lieu of collecting any tax required to be collected. THE CIVIL AND CRIMINAL PENALTIES FOR MISUSE OF A

COPY OF FORM ST-60 AS AN EXEMPTION CERTIFICATE OR DOCUMENT OR FOR FAILURE TO PAY OR COLLECT TAX SHALL BE AS PROVIDED IN THE TAX LAW. IN ADDITION, THE USE BY A SUBAGENT, THE COMPANY, OR OTHER PERSON OR ENTITY OF SUCH FORM ST-60 AS AN EXEMPTION CERTIFICATE OR DOCUMENT SHALL BE DEEMED TO BE, UNDER ARTICLES TWENTY EIGHT AND THIRTY SEVEN OF THE TAX LAW, THE ISSUANCE OF A FALSE OR FRAUDULENT EXEMPTION CERTIFICATE OR DOCUMENT WITH THE INTENT TO EVADE TAX.

(iv) Form ST-123 Requirement. As an agent of the Agency, the Company agrees that it will, and will cause each Subagent to, present to each seller or vendor a completed and signed Form ST-123, attached hereto as **Exhibit C-1**, for each contract, agreement, invoice, bill or purchase order entered into by the Company or by any Subagent, as agent for the Agency, for the purpose of undertaking the Non-Rental Project Component. Form ST-123 requires that each seller or vendor accepting Form ST-123 identify the Non-Rental Project Facility on each bill or invoice for purchases and indicate on the bill or invoice that the Agency or Agent or Company, as project operator of the Agency, was the purchaser. For the purposes of indicating who the purchaser is, each bill or invoice should state,

(a) “I, [NAME OF COMPANY OR SUBAGENT], certify that I am a duly appointed agent of the NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY and that I am purchasing the tangible personal property or services for use in the ISLA BLU AT LONG BEACH LLC, 2021 Project located at the approximately 6.04 acre parcel of land located between Long Beach Boulevard, Shore Road and Riverside Boulevard, City of Long Beach, Nassau County, New York (Section: 59; Block: 116; Lots: 39), IDA Project Number **2803-21-05B**”.

(b) For convenience purposes, in the instance where the vendor does not print on each invoice the acknowledgment as described in the prior sentence, an “Invoice Rider” (a copy of which is attached hereto as **Exhibit C-3**) can be utilized for record keeping purposes. The Company shall retain copies of all such contracts, agreements, invoices, bills and purchase orders for a period of not less than six (6) years from the date thereof. For each Subagent the Form ST-123 shall be completed as follows: (i) the “Project information” section of Form ST-123, attached hereto as **Exhibit C-2**, should be completed using the name and address of the Non-Rental Project Facility as indicated on the Form ST-60 used to appoint the Subagent; (ii) the date that the Subagent was appointed as indicated on the Form ST-60; and (iii) the “Exempt purchases” section of Form ST-123 should be completed by marking “X” in box “A” only.

All contracts entered into by the Company and all subagents thereof as agent for the Agency shall include the language contained within **Schedule C** attached hereto. **Failure by the Company and/or any subagent thereof to include such language may disqualify the agent**

status and sales tax exemptions derived by virtue of this Project Agreement. The Company, for itself and on behalf of all duly appointed subagents, hereby agrees that all contracts entered into by the Company and any subagents thereof shall be available to the Agency for inspection and confirmation of the foregoing mandatory language.

Section 4.5 Form ST-340 Filing Requirement. The Company shall annually a statement with the State Department of Taxation and Finance (the “Commissioner”) an “Annual Report of Sales and Use Tax Exemptions” (NYS Form ST-340, a copy of which is attached hereto as **Exhibit D**) regarding the value of Sales Tax Exemption the Company and its Subagents, if any, have claimed pursuant to the agency conferred on the Company with respect to the Non-Rental Project Component in accordance with General Municipal Law Section 874(8). On or before February 10th of each year, the Company shall provide a copy of same to the Agency. The Company understands and agrees that the failure to file such annual statement will result in the removal of the Company's authority to act as agent for the Agency and/or Recapture of Agency Benefits as described in Section 4.8 hereof.

Section 4.6 GML Provisions Relating to State Sales Tax Savings.

(a) The Company covenants and agrees to comply, and to cause each of its contractors, subcontractors, Subagents, persons or entities to comply, with the requirements of GML Sections 875(1) and (3) (the “GML Provisions”), as such provisions may be amended from time to time. In the event of a conflict between the other provisions of this Project Agreement and the GML Provisions, the GML Provisions shall control.

(b) The Company acknowledges and agrees that pursuant to GML Section 875(3), the Agency shall have the right to recover, recapture, receive, or otherwise obtain from the Company, State Sales Tax Savings taken or purported to be taken by the Company, any Subagent or any other person or entity acting on behalf of the Company to which the Company is not entitled or which are in excess of the Maximum Sales Tax Exemption or which are for property or services not authorized or taken in cases where the Company, any Subagent or any other person or entity acting on behalf of the Company failed to comply with a material term or condition to use property or services in the manner required by this Project Agreement. The Company shall, and shall require each Subagent and any other person or entity acting on behalf of the Company, to cooperate with the Agency in its efforts to recover, recapture, receive, or otherwise obtain such State Sales Tax Savings and shall promptly pay over any such amounts to the Subagent that it requests. The failure to pay over such amounts to the Subagent shall be grounds for the Commissioner to assess and determine State Sales and Use Taxes due from the Company under Article 28 of the New York State Tax Law, together with any relevant penalties and interest due on such amounts.

(c) Subject to the provisions of subsection (i) above, in the event that the Company or any Subagent shall utilize the Sales Tax Exemption in violation of the provisions of this Project Agreement, the Company shall promptly deliver notice of same to the Agency, and the Company shall, upon demand by the Agency, pay to or at the direction of the Agency a return of sales or use tax exemptions in an amount equal to all such unauthorized sales or use tax exemptions together with interest at the rate of twelve percent (12%) per annum compounded

daily from the date and with respect to the dollar amount for which each such unauthorized sales or use tax exemption was availed of by the Company or any Subagent (as applicable).

(d) Upon request by the Agency with reasonable notice to the Company, the Company shall make available at reasonable times to the Agency and/or the Independent Accountant all such books, records, contracts, agreements, invoices, bills or purchase orders of the Company and any Agent, and require all appropriate officers and employees of the Company to respond to reasonable inquiries by the Agency and/or the Independent Accountant, as shall be necessary (y) to indicate in reasonable detail those costs for which the Company or any Agent shall have utilized the Sales Tax Exemption and the dates and amounts so utilized, and (z) to permit the Agency to determine any amounts owed by the Company under this Section 4.6(c).

Section 4.7 Mortgage Recording Tax Exemption. Section 874 of the Act exempts the Agency from paying certain mortgage recording taxes except for the portion of the mortgage recording tax allocated to transportation districts referenced in Section 253(2)(a) of the Tax Law. The Agency hereby grants to the Company exemption from mortgage recording taxes for one or more Mortgages securing an aggregate principal amount not to exceed Maximum Mortgage Principal Amount, or such greater amount as approved by the Agency in its sole and absolute discretion, in connection with the financing of the Non-Rental Project Component and any future financing, refinancing or permanent financing of the costs of the Non-Rental Project Component (the “Mortgage Recording Tax Exemption”). The Company represents and warrants (1) that the real property secured by the Mortgage is located within a transportation district referenced in Section 253(2)(a) of the Tax Law, and (2) that upon recording the Mortgage, the Company shall pay the mortgage recording tax allocated to transportation districts referenced in Section 253(a)(2) of the Tax Law.

Section 4.8 Recapture of Agency Benefits.

(a) It is understood and agreed by the parties hereto that the Agency is entering into this Project Agreement in order to provide Financial Assistance to the Company for the Project Facility and to accomplish the public purposes of the Act. In consideration therefor, the Company hereby agrees that if there shall occur a Recapture Event (as defined below) after the after the date hereof, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency in an the amount equal to 100% of Sales Tax Exemption savings realized by or for the benefit of the Company, including any savings realized by any Subagent; which Recaptured Benefits (as defined below) from time to time shall upon the occurrence of a Recapture Event in accordance with the provisions of subsection (c) below and the declaration of a Recapture Event by notice from the Agency to the Company be payable directly to the Agency or the State of New York if so directed by the Agency within ten (10) days after such notice (such amount, the “Recapture of Benefits”).

(b) The term “Benefits” shall mean the Agency’s calculation of, collectively:

(i) all real estate tax benefits which have accrued to the benefit of the Company during such time as the Agency held an interest in the Project Facility by reason of such interest, such tax benefits to be computed by subtracting the payments in lieu of taxes paid under the PILOT Agreement (through the date that the Project Facility is returned to the tax rolls as taxable property) from those payments which the Company would have been required to pay through such date had the Company been the owner of the Project Facility and the Agency not been involved in the Project and based on the records of the Nassau County Tax Assessor and any applicable village tax assessor, and treating any negative result as \$0; and

(ii) all miscellaneous benefits derived from the Agency's participation in the transactions contemplated by the Lease and the Project Agreement, including, but not limited to, any exemption from mortgage recording taxes and any exemption from applicable sales and use taxes; provided, however, that the recapture of the value of any exemption from sales and/or use taxes shall be in the full amount of any exemption taken and shall not be subject to the scheduled percentage reduction set forth in Subsection (A) above.

(c) For the purposes of this Section 4.8 the term "Recapture Event" shall mean the occurrence of any of the following events:

(i) The Company shall have liquidated its operations and/or assets; or

(ii) The Company shall have ceased all or substantially all of its operations at the Project Facility (whether by closure or by relocation to another facility or otherwise, or whether to another facility either within or outside of the County); or

(iii) The transfer of all or substantially all of the employees engaged in the operation of the Project Facility to another location; or

(iv) The occurrence and continuance of an Event of Default under this Project Agreement, the Sublease Agreement or any other Transaction Document; or

(v) The occurrence and continuance of a substantial change in the scope and nature of the operations of the Project Facility without the prior written consent of the Agency; or

(vi) The Company shall have sold, leased, subleased, sub-subleased, assigned, transferred or otherwise disposed of (other than the leasing of residential units in the ordinary course of the Company's business) all or any part of its interest in the Project Facility in violation of this Project Agreement or the Sublease Agreement; or

(vii) The Company fails to maintain or fails to cause to be maintained the Minimum Employment Requirement at any time during the term of this Project Agreement; or

(viii) The Application, or documentation submitted by the Company or any Guarantor in support of the Application, contained a knowingly false or knowingly misleading statement as to any fact material to the Application or knowingly omitted any information which, if included, would have rendered any information in the Application or supporting documentation false or misleading in any respect, and such false or misleading statement or omission was made knowingly and intentionally for the purpose of obtaining the Financial Assistance; or

(ix) The Company receives Sales Tax Savings in connection with property or services not authorized by the Agency as part of the Project; or

(x) The Company receives Sales Tax Savings in connection with the Project in excess of the Maximum Sales Tax Exemption; provided, however, that the foregoing shall constitute a Recapture Event with respect to such excess Sales Tax Savings only. It is further provided that failure to repay the Sales Tax Savings within thirty (30) days shall constitute a Recapture Event with respect to all Recapture Benefits; or

(xi) Failure of the Company to file a copy of the Form ST-340 with the Agency in compliance with Section 4.5 hereof; or

Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event shall have arisen as a direct, immediate result of (i) a Condemnation by governmental authority of all or substantially all of the Project Facility or any interest therein, or (ii) the inability at law of the Company to rebuild, repair, restore or replace the Project Facility after the occurrence of a casualty to substantially its condition prior to such casualty, which inability shall have arisen in good faith through no fault on the part of the Company, or (iii) for the sale of Project Facility after the receipt of the Agency's consent to said transaction.

(d) The Company covenants and agrees to furnish the Agency with written notification upon the occurrence of any Recapture Event, which notification shall set forth the terms of such Recapture Event as follows: In order to certify and verify the foregoing, the Company shall provide annually, to the Agency, a certified statement and documentation: (i) enumerating the full-time equivalent jobs retained and the full-time equivalent jobs created as a result of the financial assistance, by category, including full-time equivalent independent contractors or employees of independent contractors that work at the project location, (ii) indicating that the salary and fringe benefit averages or ranges for categories of jobs retained and jobs created that was provided in the application for Financial Assistance is still accurate and if it is not still accurate, providing a revised list of salary and fringe benefit averages or ranges for categories of jobs retained and jobs created, and (iii) such other information, as so requested

from time to time, to enable the Agency to assess the progress of the Non-Rental Project Component toward achieving the investment, job retention, job creation, or other objectives of the Non-Rental Project Component indicated in the Application for Financial Assistance.

(e) In the event any payment owing by the Company under this Section shall not be paid on demand by the Agency, such payment shall bear interest from the date of such demand at an interest rate equal to eighteen percent (18%) per annum or the maximum lawful prevailing rate permitted by Applicable Law, whichever is less until the Company shall have made such payment in full, together with such accrued interest to the date of payment, to the Agency (except as otherwise specified above).

(f) The Agency shall be entitled to deduct all reasonable out of pocket expenses of the Agency, including without limitation, reasonable legal fees, incurred with the recovery of all amounts due under this Section 4.8, from amounts received by the Agency pursuant to this Section 4.8.

Section 4.9 Grant of Security Interest. This Project Agreement shall constitute a “security agreement”, as such term is defined in the Uniform Commercial Code adopted in the State, as the same may from time to time be in effect (the “UCC”). The Company hereby grants the Agency a first-priority security interest (subject only to the lien of the Lender Mortgage, as defined in the Lease) in all of the right, title and interest of the Company in the Equipment installed in the Non-Rental Project Facility acquired by or on behalf of the Company or any Sub Agent of the Company using the Sales Tax Exemption, and conveyed to the Agency by the Non-Rental Project Facility Bill of Sale to the Agency and in all additions and accessions thereto, all replacements and substitutions therefor, all books, records and accounts of the Company pertaining to the Non-Rental Project Facility, and all proceeds and products thereof (the “Collateral”), as security for payment of the Non-Rental payments and all other payments and obligations of the Company hereunder, and the Agency is authorized to file financing statements with respect to such Collateral without the Company executing the same. If an Event of Default shall occur under this Project Agreement or any other Transaction Document, the Agency shall have, in addition to any and all other rights and remedies set forth in this Project Agreement, and may exercise without demand, any and all rights and remedies granted to a secured party under the UCC, including, but not limited to, the right to take possession of the Equipment and any other personal property that constitute part of the Collateral, and the right to advertise and sell the same, or any part thereof, pursuant to and in accordance with the UCC. The Company agrees that any notice of public or private sale with respect to such Collateral, or any part thereof, shall constitute reasonable notice if it is sent to the Company not less than ten (10) days prior to the date of any such sale. The Company hereby irrevocably appoints the Agency as its attorney-in-fact to execute, deliver and/or file any instruments or statements necessary or convenient to perfect and continue the security interest granted herein.

ARTICLE V. INSURANCE

Section 5.1 Insurance Required. During the term of this Project Agreement, the Company shall maintain insurance with respect to the Non-Rental Project Facility as required pursuant to Sublease Agreement and particularly as set forth in Sections 6.3, 6.4 and 5.5 of the Sublease Agreement.

ARTICLE VI. EVENTS OF DEFAULT AND REMEDIES

Section 6.1 The following shall each be “Events of Default” under this Project Agreement:

- (a) the failure by the Company to observe and perform any covenant contained in Sections 2.1(g), 2.1(i), 4.3, 4.4, 4.5, 4.8 5.1, 7.1, 7.2, 7.3, 7.6 and 8.1;
- (b) the failure by the Company to pay the Recapture Benefits on the date due;
- (c) the occurrence and continuation of a Recapture Event;
- (d) The Company shall generally not pay its debts as such debts become due or admits its inability to pay its debts as they become due;
- (e) The Company shall conceal, remove or permit to be concealed or removed any material part of its Property, with intent to hinder, delay or defraud its creditors, or any one of them, or shall make or suffer a transfer of any of its Property which is fraudulent under any bankruptcy, fraudulent conveyance or similar law; or shall make any transfer of its Property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or shall suffer or permit, while insolvent, any creditor to obtain a Lien upon any of its Property through legal proceedings or distraint which is not vacated within sixty (60) days from the date thereof;
- (f) the dissolution or liquidation of the Company other than pursuant to the Agency’s consent; or the failure by the Company to release, stay, discharge, lift or bond within forty-five (45) days any execution, garnishment, judgment or attachment of such consequence as may impair its ability to carry on its operations; or the failure by the Company generally to pay its debts as they become due; or an assignment by the Company for the benefit of creditors; or the commencement by the Company (as the debtor) of a case in bankruptcy or any proceeding under any other insolvency law; or the commencement of a case in bankruptcy or any proceeding under any other insolvency law against the Company (as the debtor), wherein a court having jurisdiction in the premises enters a decree or order for relief against the Company as the debtor, or such case or proceeding is consented to by the Company or remains undismissed for forty (40) days, or the Company consents to or admits the material allegations against it in any such case or

proceeding; or a trustee, receiver or agent (however named) is appointed or authorized to take charge of substantially all of the property of the Company for the purpose of enforcing a lien against such Property or for the purpose of general administration of such Property for the benefit of creditors;

(g) If any interest in the Company shall be sold, assigned, transferred, conveyed, mortgaged, pledged, hypothecated or alienated without the Agency's consent, except (a) a transfer of less than 50 percent of the beneficial ownership of the Company or (b) a transfer of less than 50 percent of the beneficial ownership of any member or shareholder of the Company, so long as such beneficial ownership does not exceed 60 percent of the ownership of the Company, or if any member or shareholder of the Company, as the case may be, enters into an agreement or contract to do so, without the prior written consent of the Agency;

(h) The imposition of a Lien on the Non-Rental Project Facility other than a Permitted Encumbrance and the failure of the Company to remove such Lien, whether by the payment of money, the securing of a bond or otherwise, within sixty (60) days after the Company receives notice or becomes aware of such imposition;

(i) The removal of the Non-Rental Project Facility, or any portion thereof, outside the County, without the prior written consent of the Agency, other than in connection with a removal permitted under Section 9.3(F) of the Lease, which provision for purposes of this section are incorporated herein by reference regardless of the termination of the Lease;

(j) If any of the events enumerated in clauses (D) through (F), inclusive, of this Section 6.1 shall happen to any Guarantor;

(k) If any certificate, statement, representation, warranty or financial statement made to the Agency by or on behalf of the Company or any Guarantor shall prove to have been false, misleading or incorrect in any material and adverse respect at the time as of which the facts therein set forth were made, or to have omitted any material liability or claim against the Company or any Guarantor, as the case may be;

(l) If the environmental or ecological condition of the Non-Rental Project Facility is in violation of any Environmental Law or any permit, license or approval related thereto or if the Non-Rental Project Facility, or any part thereof, contains any Hazardous Materials (except Hazardous Materials the presence of which and in such quantities as would not result in a violation of any Environmental Law), and the Company is either unable to commence to comply with such Environmental Laws within forty-five (45) days of the notification or discovery of such violation or to complete all appropriate and lawful remedial containment and clean-up action within one hundred twenty (120) days of the notification or discovery of the existence of such Hazardous Materials;

(m) Any material loss or material impairment of the Agency's or the Company's respective interests in and to the Non-Rental Project Facility, or any part thereof, not due to the voluntary acts of the Agency, or if such condition is capable of being cured but cannot be cured within such one hundred twenty (120) day period, the failure of the Company to commence to cure within forty-five (45) day period or to prosecute the cure to completion with due diligence;

(n) The Company, any Guarantor, any Affiliate of the Company or any Guarantor, or any director, member, manager, shareholder or director of the Company or any Guarantor, as the case may be, shall become a Prohibited Person;

(o) Subject to assignments expressly permitted by this Uniform Project Agreement of the Sublease Agreement, any assignment of the Sublease Agreement or the Company Lease by the Company, in whole or in part, or any subletting or sub-subletting of the Non-Rental Project Facility, or any portion thereof, in violation of the terms of this Sublease Agreement;

(p) An Event of Default shall occur under the Company Lease, any Bank Mortgage or under any other Permitted Encumbrance;

(q) If three or more of Steven Krieger, Jan Burman, David Burman, Scott Burman and Jonathan Weiss, cease to have day-to-day control of the management and operations of the Company, for any reason, except in connection with an Approved Sale or a permitted transfer with the prior written approval of the Agency, which approval shall not be unreasonably withheld, delayed or conditioned;

(r) The Bank shall commence foreclosure proceedings or shall accelerate the loan from the Lender after declaring a default past all applicable grace or cure periods under any Bank Mortgage or any document or agreement executed in connection therewith;

(s) The Company or any Guarantor defaults under or attempts to withdraw, renege, cancel or disclaim liability under any guaranty or indemnity made by such party in favor of the Agency, including, without limitation, the Environmental Indemnification or the Guaranty;

(t) If the Company fails to maintain or fails to cause to be maintained the Minimum Employment Requirement at any time during the term of this Project Agreement;

(u) The Company shall have ceased to operate the Non-Rental Project Facility as a mixed use / condominium housing facility or shall have otherwise effected a substantial change in the scope and nature of the Non-Rental Project Facility in violation of the express provisions of this Uniform Project Agreement or any other Transaction Document without the consent of the Agency;

(v) Failure by the Company at any time to keep in full force and effect any insurance policy or coverage required by Section 6.3 of the Sublease Agreement;

(w) Any material loss or impairment of the Company's interest in and to the Non-Rental Project Facility, or any part thereof; or

(x) The occurrence of an "Event of Default" under any other Transaction Document, which has not been cured within any applicable grace, notice or cure period.

Section 6.2 Remedies on Default.

(a) Whenever any Event of Default shall have occurred and be continuing, the Agency may take, to the extent permitted by law, any one or more of the following remedial steps:

(i) declare, by written notice to the Company, to be immediately due and payable, whereupon the same shall become immediately due and payable: (A) all due and owing Recapture Benefits and (B) all other payments due under this Project Agreement; or

(ii) terminate this Project Agreement and the Sales Tax Exemption authorization as well as the Company Lease Agreement and the Sublease Agreement; or

(iii) take any other action at law or in equity which may appear necessary or desirable to collect the payments then due or thereafter to become due hereunder, and to enforce the obligations, agreements and covenants of the Company under this Project Agreement.

(b) No action taken pursuant to this Section 6.2 (including termination of the Project Agreement) shall relieve the Company from its obligation to make all payments required by the Sublease Agreement, the PILOT Agreement or Recapture Benefits.

Section 6.3 Remedies Cumulative. No remedy herein conferred upon or reserved to the Agency is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Project Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right and power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Agency to exercise any remedy reserved to it in this Article VI it shall not be necessary to give any notice, other than such notice as may be herein expressly required in this Project Agreement.

Section 6.4 Agreement to Pay Attorneys' Fees and Expenses. In the event the Company should default under any of the provisions of this Project Agreement and the Agency should employ attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Company herein contained, the Company shall, on demand therefor, pay to the Agency the fees of such attorneys and such other expenses so incurred.

ARTICLE VII. Special Covenants

Section 7.1 Employment Opportunities

(a) The Company shall ensure that all employees and applicants for employment with regard to the Non-Rental Project Component, including, without limitation, the employees of and applicants for employment with the Company, are afforded equal employment opportunities without discrimination in violation of Applicable Law.

(b) Pursuant to Section 858-b of the Act, except as otherwise provided by collective bargaining contracts or agreements, the Company agrees (1) to list or cause to be listed all new employment opportunities created as a result of the Non-Rental Project Component with the New York State Department of Labor, Community Services Division (the "NYSDOL") and with the administrative entity (collectively with NYSDOL, the "JTPA Referral Entities") of the service delivery area created by the federal Job Training Partnership Act (P.L. No. 97-300) (including any successor statute thereto, including, without limitation, the Workforce Investment Act of 1998 (P.L. No. 105-270), collectively, the "JTPA") in which the Non-Rental Project Facility is located, and (2) where practicable, to first consider and to cause to be first considered for such new employment opportunities persons eligible to participate in federal JTPA programs who shall be referred by the JTPA Referral Entities.

(c) Pursuant to the requirements of subsection one of Section 6 of Chapter 127 of the 1995 Laws of the State, the Company agrees to file with the Agency, prior to the effective date of this Project Agreement, an employment plan, in form and substance satisfactory to the Agency.

(d) The Company agrees to file with the Agency on a calendar year basis not later than February 10 of each year during the term of this Project Agreement, measured as of December 31st of the immediately preceding calendar year, reports (i) certifying the full-time equivalent jobs retained and the full time equivalent jobs created as a result of the granting of the Financial Assistance, by category, including full-time equivalent independent contractors and employees of independent contractors that work at the Non-Rental Project Facility, and (ii) certifying that the salary and fringe benefit averages or ranges for categories of jobs retained and jobs created that were set forth in the Application are then still accurate or, if not then still accurate, providing a revised list of salary and fringe benefit averages or ranges for categories of jobs retained and jobs created. Said annual reports shall be in substantially the form promulgated from time to time by the Agency. The current forms of reports are annexed hereto as Exhibit E. The Company shall provide such annual reports (and supporting documentation) with respect to its employees and shall cause its Affiliates, contractors and agents to provide such reports (and

supporting documentation) with respect to their respective employees, if any, at the Non-Rental Project Facility. The Agency shall have the right, at the Company's expense, to audit, confirm and/or require additional information with regard thereto and the Company agrees to reasonably cooperate with and to cause its Affiliates and such third parties to cooperate with the Agency in connection therewith.

(e) The Company shall, at all times during the term of this Project Agreement, maintain or cause to be maintained the Minimum Employment Requirement. The Company agrees to give the Agency written notice of the occurrence of any default under this subsection (E) within five (5) days after the Company becomes aware of the occurrence of such default.

(f) Subject to (i) collective bargaining contracts or agreements and other existing contracts or agreements to which the Company is a party or by which the Company is bound and (ii) compliance with Applicable Laws, the Company agrees to list or cause to be listed all new employment opportunities created as a result of the Non-Rental Project Component on the Nassau County TweetMyJobs website or other website designated by the Agency from time to time, provided that such listing shall be at no cost to the Company.

(g) Subject to (i) collective bargaining contracts or agreements and other existing contracts or agreements to which the Company is a party or by which the Company is bound and (ii) compliance with Applicable Laws, the Company agrees that to the greatest extent possible new employment opportunities shall be provided to Nassau County or Suffolk County residents first.

Section 7.2 Company Not to Terminate Existence or Dispose of Assets. The Company agrees that, during the term of this Project Agreement, except as consented to by the Agency in writing (A) it will maintain its existence as in effect on the Closing Date, (B) will not dissolve or otherwise dispose of all or substantially all of its assets, and (C) will not consolidate with or merge into another corporation or other Person, or permit one or more limited liability companies or other Persons to consolidate with or merge into it, without giving prior written notice to the Agency and obtaining the written consent of the Agency. The Company agrees that it will not change its name or its state of organization without giving prior written notice to the Agency and obtaining the written consent of the Agency, which consent shall not be unreasonably withheld or delayed.

Section 7.3 Agreement to Provide Information. The Company agrees to promptly provide and certify or cause to be provided and certified such information concerning the Non-Rental Project Facility, the Company, the Guarantors and/or the Company's and/or the Guarantors' finances, operations and affairs and other topics as the Agency from time to time reasonably considers necessary or appropriate, including, but not limited to, such information as to enable the Agency to make any reports required by Applicable Laws or other governmental regulation or to ensure compliance with the provisions of this Project Agreement and the other Transaction Documents.

Section 7.4 Books of Record and Account; Compliance Certificates. The Company agrees to maintain proper accounts, records and books in which full and correct entries

shall be made, in accordance with generally accepted accounting principles, of all business and affairs of the Company.

On or before February 10th of each year, the Company shall furnish to the Agency a certificate of an Authorized Representative of the Company stating that no Event of Default hereunder or under any other Transaction Document has occurred or is continuing or, if any Event of Default exists, specifying the nature and period of existence thereof and what action the Company has taken or proposes to take with respect thereto, it being understood and agreed that the Agency's annual employment report attached as Exhibit E may serve as such "No Event of Default" certificate. The Company represents to the Agency that the Company's fiscal year currently ends on December 31st.

Section 7.5 Financial Statements. Within one hundred twenty (120) days after the end of each fiscal year, the Company shall deliver to the Agency the financial statements of the Company prepared and compiled by an independent certified public accountant, certified by the chief financial officer of the Company, including a balance sheet as of the last day of such period and an operating statement through the last day of such period. The Company represents to the Agency that each of the Company's fiscal year ends on December 31st.

Section 7.6 Compliance with Applicable Laws.

(a) The Company agrees, for the benefit of the Agency, that it will, during the term of this Project Agreement, promptly comply in all respects with all Applicable Laws.

(b) Notwithstanding the provisions of subsection (A) of this Section 7.6, the Company may in good faith actively contest the validity or the applicability of any Applicable Law, provided that the Company (1) first shall have notified the Agency in writing of such contest, (2) no Event of Default (other than the non-compliance with the Applicable Law being contested) shall have occurred and be continuing under any of the Transaction Documents beyond any applicable notice or cure period, so long as the same does not violate §7.6(c) hereof, (3) shall have set aside adequate reserves for any such requirement, (4) demonstrates to the reasonable satisfaction of the Agency that noncompliance with such Applicable Law will not subject the Non-Rental Project Facility or any part thereof to loss or forfeiture, (5) demonstrates to the reasonable satisfaction of the Agency that such contest shall not result in the Company or the Agency being in any danger of any civil or criminal liability for failure to comply therewith, and (6) diligently prosecutes such contest to completion. Otherwise, the Company shall promptly take such action with respect thereto as shall be reasonably satisfactory to the Agency.

(c) Notwithstanding the provisions of subsection (b) of this Section 7.6, if the Agency or any of its members, officers, agents (other than the Company), attorneys, servants or employees, past, present or future, may be liable for prosecution for failure to comply therewith, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Agency.

Section 7.7 Performance of the Company's Obligations. Should the Company fail to make any payment or to do any act as provided in the Transaction Documents beyond

applicable notice and/or cure periods, if any, the Agency may, but shall not be obligated to, without notice to or demand on the Company and without releasing the Company from any obligation herein, make or do the same, including, without limitation, appearing in and defending any action purporting to affect the rights or powers of the Company or the Agency, and paying all fees, costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by the Agency in connection therewith; and the Company shall pay promptly upon demand all sums so incurred or expended by the Agency under the authority hereof, together with interest thereon, at the Default Interest Rate, from the date of written demand to the Company.

**ARTICLE VIII.
MISCELLANEOUS**

Section 8.1 Hold Harmless Provision. The Company hereby releases the Agency from, agrees that the Agency shall not be liable for, and agrees to indemnify, defend and hold the Agency and its executive director, directors, members, officers, employees, agents (other than the Company), representatives, successors and assigns harmless from and against, any and all (i) liability for loss or damage to property or injury to or death of any and all persons that may be occasioned by any cause whatsoever pertaining to the Non-Rental Project Facility or arising by reason of or in connection with the occupation or the use thereof or the presence on, in or about the Non-Rental Project Facility or breach by the Company of this Project Agreement or (ii) liability arising from or expense incurred by the Agency's financing, acquiring, constructing, equipping, owning and leasing of the Equipment or of the Non-Rental Project Facility, including without limiting the generality of the foregoing, all causes of action and reasonable attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. The foregoing indemnities shall apply notwithstanding the fault or negligence on the part of the Agency, or any of its respective executive director, directors, members, officers, agents or employees and irrespective of the breach of a statutory obligation or the application of any rule of comparative or apportioned liability, except that such indemnities will not be applicable with respect to willful misconduct or gross negligence on the part of the Agency or any other person or entity to be indemnified.

Section 8.2 This Project Agreement may be executed in any number of counterparts each of which shall be deemed an original but which together shall constitute a single instrument.

Section 8.3 All notices, claims and other communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or mailed first class, postage prepaid, or by a nationally-recognized overnight courier, addressed as follows:

To the Agency: Nassau County Industrial Development Agency
One West Street
Mineola, NY 11501
Attn: Chief Executive Officer

With a copy to: Harris Beach PLLC
333 Earle Ovington Blvd, Suite 901
Uniondale, NY 11553

Attn: Andrew Komaromi, Esq.

To the Company: ISLA BLU AT LONG BEACH LLC
300 Jericho Turnpike
Jericho, New York 11753
Attn: Steven Krieger

With a copy to: Farrell Fritz, P.C.
400 RXR Plaza
Uniondale, NY 11556
Attn: Peter L. Curry, Esq.

Harrison Street Real Estate Capital, LLC
444 West Lake Street, Suite 2100
Chicago, Illinois 60606
Attention: Stephen M. Gordon and Michael Gershowitz

DLA Piper LLP (US)
444 West Lake Street, Suite 900
Chicago, Illinois 60606
Attention: David B. Sickle, Esq. and Shari Helft Lennon, Esq.

The Engel Burman Group
300 Jericho Turnpike
Jericho, New York 11753
Attn: Craig Masheb Esq.

or at such other address as any party may from time to time furnish to the other party by notice given in accordance with the provisions of this Section. All notices shall be deemed given when mailed or personally delivered in the manner provided in this Section.

Section 8.4 This Project Agreement shall be governed by, and all matters in connection herewith shall be construed and enforced in accordance with, the laws of the State of New York applicable to agreements executed and to be wholly performed therein and the parties hereto hereby agree to submit to the personal jurisdiction of the federal or state courts located in Nassau County, New York.

Section 8.5 The warranties, representations, obligations and covenants of the Company under this Project Agreement shall be absolute and unconditional (except as set forth herein) and shall remain in full force and effect during the term of this Project Agreement, shall be deemed to have been relied upon by the Agency, and shall survive the delivery and termination of this Project Agreement to the Agency, regardless of any investigation made by the Agency. This Project Agreement shall survive any termination or expiration of the Sublease Agreement or the PILOT Agreement, as described below.

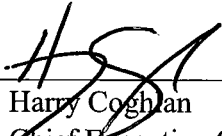
Section 8.6 By executing this Project Agreement, the Company covenants and agrees to pay all fees, costs and expenses incurred by the Agency for (a) legal services, including but not limited to those provided by the Agency's general counsel or bond/transaction counsel, (b) other consultants retained by the Agency, if any, in connection with the Non-Rental Project Component; and (c) with respect to Agency's enforcement of any event of default or failure to comply with the terms of this Project Agreement (including reasonable attorney fees). The Company further covenants and agrees that the Company is liable for payment to the Agency of all charges referred to above, as well as all other actual costs and expenses incurred by the Agency in undertaking the Non-Rental Project Component notwithstanding the occurrence of any of (i) the Company's withdrawal, abandonment, cancellation or failure to pursue the Non-Rental Project Component; (ii) the inability of the Agency or the Company to procure the services of one or more financial institutions to provide financing for the Non-Rental Project Component; or (iii) the Company's failure, for whatever reason, to undertake and/or successfully complete the Non-Rental Project Component.

[Remainder of This Page Intentionally Left Blank]

[Signature Page to Agent and Financial Assistance and Project Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Project Agreement as of the day and year first above written.

**NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By:  _____
Harry Coghlan
Chief Executive Officer / Executive Director

ISLA BLU AT LONG BEACH LLC

By: _____
Steven Krieger
Authorized Signatory

[Signature Page to Agent and Financial Assistance and Project Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Project Agreement as of the day and year first above written.

**NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____

Harry Coghlan

Chief Executive Officer / Executive Director

ISLA BLU AT LONG BEACH LLC

By: _____

Steven Krieger

Authorized Signatory

SCHEDULE A

SCHEDULE OF DEFINITIONS

“Applicable Law or Applicable Laws” shall have the meaning as defined in the Sublease Agreement.

“Authorized Representative” means, in the case of the Agency, the Chief Executive, Executive Director, the Chairman or the Vice Chairman and such additional persons as, at the time, are designated to act on behalf of the Agency; and in the case of the Company, the members and such additional persons as, at the time, are designated to act on behalf of the Company.

“Collateral” shall have the meaning assigned to such term in Section 4.9 of this Project Agreement.

“Company Lease Agreement” shall mean that certain Company Lease Agreement, dated as of August 1, 2021 by and between the Company and the Agency.

“Completion Date” means such date as shall be certified by the Company to the Agency (and accepted by the Agency in its reasonable discretion) as the date of completion of the Non-Rental Project Component pursuant to Section 4.2 of this Lease, or such earlier date as the Company shall notify the Agency as being the date of completion of the Non-Rental Project Component (subject to acceptance thereof by the Agency in its reasonable discretion). In no event, shall this date be deemed to occur prior to the issuance of a Temporary Certificate of Occupancy for the Non-Rental Event Project.

“Guarantor” or “Guarantors” shall mean ISLA BLU AT LONG BEACH Member LLC, a limited liability company organized and existing under the laws of the State of Delaware.

“Independent Accountant” shall mean an independent certified public accountant or firm of independent certified public accountants selected by the Company and approved by the Agency (such approval not to be unreasonably withheld or delayed).

“Maximum Sales Tax Exemption” shall mean the aggregate maximum dollar amount of Sales Tax Savings that the Company and all Subagents acting on behalf the Company are permitted to receive under this Project Agreement, which shall equal **\$7,711,418.00**, or such maximum dollar amount as may be determined by the Agency pursuant to such additional documents as may be required by the Agency for such increase.

“Maximum Mortgage Principal Amount” shall mean **\$100,520,000.00**.

“Maximum Mortgage Tax Exemption” shall mean the maximum dollar amount of Mortgage Tax Savings that the Company is permitted to receive under this Project Agreement, which shall equal **\$753,900.00**, or such maximum dollar amount as may be determined by the Agency pursuant to such additional documents as may be required by the Agency for such increase. The Mortgage Tax Exemption must be utilized within 36 months and, with the exception of the PILOT Mortgage, may only be used for a one (1) time stabilization or refinancing of the Bank Mortgage as defined the Sublease of the date hereof.

“Prohibited Person” means (i) any Person (A) that is in default or in breach, beyond any applicable grace or cure period, of its obligations under any written agreement with the Agency or the County, or (B) that directly or indirectly controls, is controlled by or is under common control with a Person that is in default or in breach, beyond any applicable grace or cure period, of its obligations under any written agreement with the Agency or the County, unless such default or breach has been waived in writing by the Agency or the County, as the case may be, and (ii) any Person (A) that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or (B) that directly or indirectly controls, is controlled by or is under common control with a Person that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure.

“Sales Tax Exemption” shall mean an exemption from Sales and Use Taxes resulting from the Agency’s participation in the Non-Rental Project Facility.

“Sales and Use Taxes” shall mean local and State sales and compensating use taxes and fees imposed pursuant to Article 28 of the New York State Tax Law, as the same may be amended from time to time.

“State Sales and Use Taxes” shall mean sales and compensating use taxes and fees imposed by Article 28 of the New York State Tax Law but excluding such taxes imposed in a city by Section 1107 or 1108 of such Article 28, as the same may be amended from time to time.

“State Sales Tax Savings” shall mean all Sales Tax Exemption savings relating to State Sales and Use Taxes realized by or for the benefit of the Company, including any savings realized by any Subagent, pursuant to this Project Agreement.

“Sublease Agreement” shall mean that certain Sublease Agreement, dated as of August 1, 2021 by and between the Company and the Agency.

“Transaction Documents” shall have the meaning as defined in the Sublease Agreement.

SCHEDULE B

LIST OF APPOINTED AGENTS¹

1. **ISLA BLU AT LONG BEACH Member LLC**
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

¹ FOR EACH AGENT APPOINTED BY THE COMPANY, A NYS FORM ST-60 MUST BE COMPLETED AND FILED BY THE COMPANY WITH THE NYS DEPARTMENT OF TAXATION AND FINANCE IDA UNIT INDICATING THE APPOINTMENT OF SUCH AGENT OF THE COMPANY.

SCCHEDULE C

MANDATORY AGENT AND SUBAGENT CONTRACT LANGUAGE

“This contract is being entered into by **[NAME OF COMPANY OR NAME OF SUBAGENT]** (the “Agent”), as agent for and on behalf of the **NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (the “Agency”), in connection with a certain project of the Agency for the benefit of **ISLA BLU AT LONG BEACH LLC**, consisting in part of the acquisition and installation of certain machinery, equipment and building materials, all for incorporation and installation in certain premises located at the approximately 6.04 acre parcel of land located between Long Beach Boulevard, Shore Road and Riverside Boulevard, City of Long Beach, Nassau County, New York (Section: 59; Block: 116; Lot: 39) (the “Premises”). The acquisition of the machinery, equipment and building materials to be incorporated and installed in the Premises and all services and rentals of equipment related to the acquisition, construction and equipping of the Non-Rental Project Component shall be exempt from all New York State and local sales and use taxes if the acquisition thereof is effected in accordance with the terms and conditions set forth in the attached sales tax exemption information letter of the Agency; and the Agent hereby represents that this contract is in compliance with the terms of the Uniform Project Agreement by and between ISLA BLU AT LONG BEACH LLC and the Agency, dated as of August 1, 2021. This contract is non-recourse to the Agency, and the Agency shall not be directly, indirectly or contingently liable or obligated hereunder in any manner or to any extent whatsoever. By execution or acceptance of this contract, the vendor/contractor hereby acknowledges and agrees to the terms and conditions set forth in this paragraph.”

EXHIBIT A

COST BENEFIT ANALYSIS

[Attached]

PREPARED FOR:

Nassau County Industrial Development Agency
1 West St., 4th Floor
Mineola, NY 11501

Economic and Fiscal Impact

ENGEL BURMAN AT THE BEACH

Nassau County
Industrial Development Agency

JULY 2020

PREPARED BY:



120 West Avenue, Suite 303
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com

CAMOIN 310

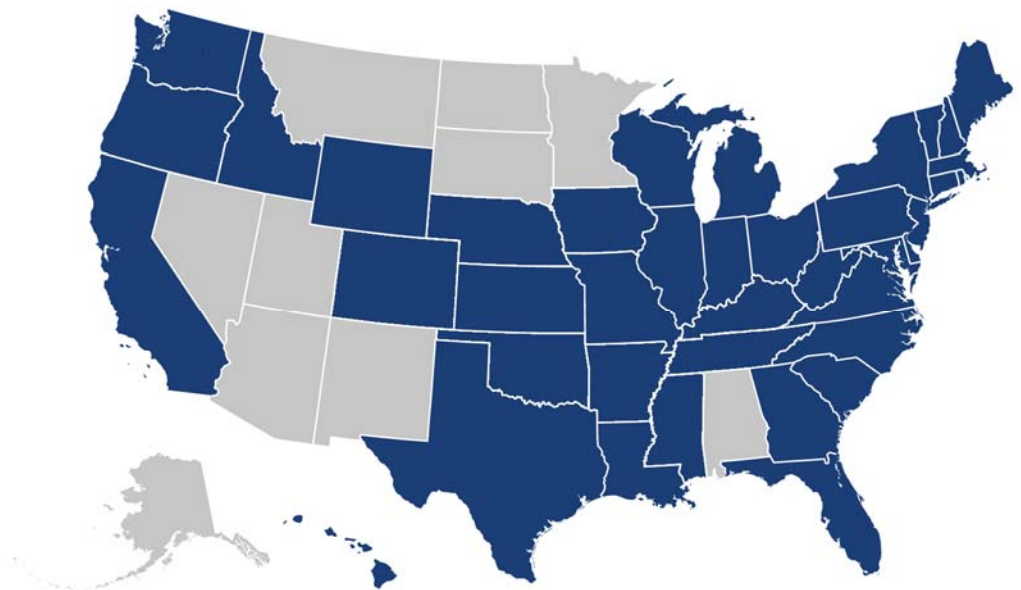
ABOUT CAMOIN 310

Camoin 310 has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin 310 has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 32 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter [@camoinassociate](https://twitter.com/camoinassociate) and on **Facebook**.

THE PROJECT TEAM

Rachel Selsky
Vice President, Project Principal

Jessica Ulbricht
Analyst, Project Manager & Staff



ABOUT THE STUDY

Camoin 310 was retained by the Nassau County Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed by Engel Burman at the Beach, LLC. The proposed project involves the construction of 238 residential apartments and 200 condominium units on a 6.04 acre site located between Long Beach Boulevard, Shore Road, and Riverside Boulevard, in the City of Long Beach, Nassau County, New York. The goal of this analysis is to provide a complete assessment of the total economic, employment and tax impact of the project on Nassau County that result from the construction phase, new household spending, and on-site operations.

The primary tool used in this analysis is the input-output model developed by Economic Modeling Specialists Intl. (EMSI). Primary data used in this study was obtained from the developer's application for financial assistance to the Nassau County Industrial Development Agency and included the following data points: construction spending, estimated payroll, exemptions, and PILOT schedule. Secondary data was collected by Camoin 310 and used to estimate spending by new households.

The economic impacts are presented in four categories: direct impact, indirect impact, induced impact, and total impact. The indirect and induced impacts are commonly referred to as the "multiplier effect." Note that previous impact reports commissioned by the Nassau County Industrial Development Agency were presented in only three categories: direct impact, indirect impact, and total impact. Prior to 2020, Camoin 310 included both the indirect and induced impacts in the "indirect impact" category. Beginning in 2020, the indirect and induced impacts will be reported separately to allow for more accurate interpretation of results.

STUDY INFORMATION

Data Source:
Engel Burman at the Beach, LLC
Application for Assistance and the
Nassau County Industrial
Development Agency

Geography:
Nassau County

Study Period:
2020

Modeling Tool:
EMSI

DIRECT IMPACTS

This initial round of impacts is generated as a result of spending on operations and new household spending at county businesses.

INDIRECT IMPACTS

The direct impacts have ripple effects through business to business spending. This spending results from the increase in demand for goods and services in industry sectors that supply both the facility and the businesses receiving the new household spending.

INDUCED IMPACTS

Impacts that result from spending by facility employees, employees of county businesses, and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the County on food, clothing, and other goods and services.

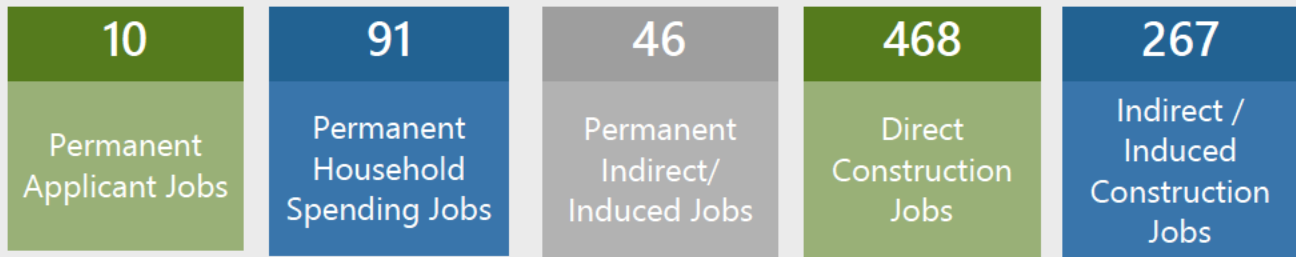
ECONOMIC & FISCAL IMPACT

NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY: **ENGEL BURMAN AT THE BEACH LLC**



TOTAL NUMBER OF
JOBS CREATED:

882 JOBS



Assistance



Annual Earnings:
\$7.2 MN

\$156.9 MILLION

construction spending



\$60.9

MILLION

construction earnings

NET NEW RESIDENTIAL UNITS:

107 market-rate

18 affordable

+ 100 condos

225 TOTAL UNITS



Increase in Government Revenues:

\$14.7MILLION

Total PILOT Payments: **\$22.3 MN**

Total Otherwise Applicable Property Taxes:

\$7.6 MN



Average Annual Sales Tax Revenue:

\$230,838



NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY



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Attachment A: What is Economic Impact Analysis? 14

Attachment B: Calculating Net New Households..... 15

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EXECUTIVE SUMMARY

The Nassau County Industrial Development Agency (the “Agency”) received an application for financial assistance from Engel Burman at the Beach, LLC (the “Applicant”) for a proposed residential development (the “Project”) on a 6.04 acre site located between Long Beach Boulevard, Shore Road, and Riverside Boulevard in the City of Long Beach, Nassau County, New York (the “Site”). The Project being proposed by the Applicant entails the construction of 238 residential apartments, 10% of which will be offered as affordable workforce housing, 200 condominium units, and 6,500 square feet of retail space. The Agency commissioned Camoin 310 to conduct an economic and limited fiscal impact of the Project on Nassau County (the “County”).

Camoin 310 conducted a market demand analysis of housing in Nassau County to determine the extent to which any of the housing units would create “new” households and, therefore, new household spending in the county. According to the application, 238 new rental apartment units will be built. Of these 238 units, 24 will be workforce housing units and 214 will be market-rate units. Additionally, 200 condominium units will be constructed. We determined that 50% of the market rate rental units and condominiums, or 107 rental units and 100 condominiums, could be considered as providing “net new” households to the county and 75% of the workforce housing units, or 18 units, will be net new (i.e. allowing households to exist in the county that would otherwise locate elsewhere). We then computed the total amount of net new spending by these new households to derive job creation resulting from the Project.

The following is a summary of our findings from this study, with details in the following sections.

Table 1

Summary of Benefits to County

Construction Phase	
Total Jobs	735
On-Site Jobs	468
Total Earnings	\$ 60,896,256
On-Site Earnings	\$ 43,450,990
One-Time Sales Tax Revenue to County	\$ 452,916
Annual Impacts	
Total Jobs	147
Direct Jobs	101
Indirect and Induced Jobs	46
Total Earnings	\$ 7,228,088
Direct Earnings	\$ 4,024,765
Indirect and Induced Earnings	\$ 3,203,323
Average Annual Sales Tax Revenue to County	\$ 230,838
Average Annual PILOT Payment	\$ 893,111

CAMOIN 310

Construction Impact

- ◆ The construction of the Project would result in approximately 468 new direct construction jobs generating nearly \$43.5 million in direct new earnings on-site and approximately \$17.4 million in indirect and induced earnings. Figure 1 to the right displays more detail on the economic impact of construction.
- ◆ Sales associated with the construction phase would be taxed, and therefore generate sales tax revenue for the County. Sales tax associated with the construction phase of the Project are estimated to contribute approximately \$452,916 to the County.

Annual Impact

- ◆ The Project would support 147 net new jobs in the county, with over \$7.2 million in associated earnings. Those figures are composed of net new jobs resulting from maintenance and operation of the facility and new economic activity from household spending. Figure 2 summarizes the annual economic impact of the Project.
- ◆ Sales associated with the on-site operations and new household spending are estimated to generate \$230,838 sales tax revenue to the County annually.
- ◆ The Applicant has negotiated terms of a proposed PILOT agreement for the rental portion of the Project with the Agency, which includes a 25-year PILOT agreement. Under this proposed PILOT agreement, the Applicant would pay approximately \$893,111 per year.
- ◆ Through negotiations with the Agency, the Applicant could have access to a sales tax exemption valued at up to \$13.7 million and a mortgage tax exemption valued at up to \$2.2 million. However, if we assume that the Project would not occur absent IDA benefits, this is not actually a “cost” to the County since no future revenue stream would exist without the exemptions.
- ◆ The schedule of payments to be made by the Applicant under the draft PILOT agreement would be approximately \$14.7 million more than the property tax payments generated by the Site if the Project were not to occur. In other words, the PILOT represents a benefit to the affected taxing jurisdictions averaging \$588,845 per year.

Figure 1

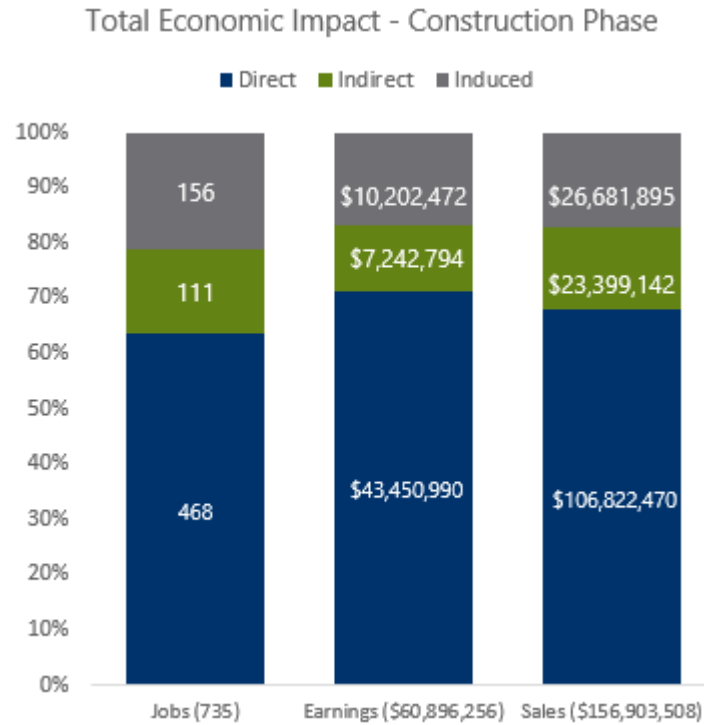
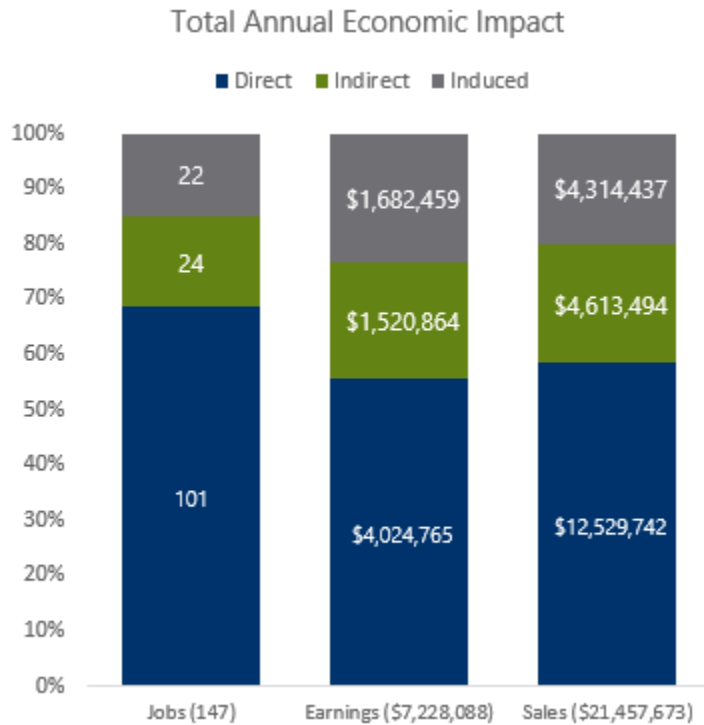


Figure 2



ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated during the construction phase, facility operation, and new resident spending as provided by the Applicant were used as the direct inputs for the economic impact model. Camoin 310 uses the input-output model designed by Economic Modeling Specialists, International (Emsi) to calculate total economic impacts. Emsi allows the analyst to input the amount of new 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 and induced impacts and is commonly referred to as the “multiplier effect.” See Attachment A for more information on economic impact analysis.

The Project would have economic impacts upon the County as a result of Project construction, new permanent jobs, and spending by new tenant households.

CONSTRUCTION PHASE IMPACTS

The Applicant anticipates that private sector investment in the construction of the Project (excluding land acquisition, legal and financial fees) would cost approximately \$333.8 million¹. If we assume that 32%² of the construction spending would be sourced from within the county, we can project that there will be over \$106.8 million in net new spending in the county associated with the construction phase.

Table 2
Construction Phase Spending

Total Construction Cost	\$ 333,820,220
Percent Sourced from County	32%
Net New Constuction Spending	\$ 106,822,470

Source: Applicant, Camoin 310

Based on \$106,822,470 worth of net new direct spending associated with the construction phase of the Project, we determined that there would be over \$156.9 million in total one-time construction related spending supporting 735 jobs³ in the county over the four-year construction period⁴ and nearly \$60.9 million in earnings. Table 3 outlines the economic impacts of construction.

¹ Includes project costs as provided by the Applicant in Part III of the application for both the rental and condominium communities, except for land acquisition, legal fees, and financial fees.

² The Applicant specified that 30% of material costs, being \$200.3 million, and 35% of labor and other costs being \$133.5 million, would be sourced from within Nassau County.

³ The Applicant estimates that there will be anywhere between 30 and 300 jobs on-site in any given month of the construction period, however we estimate 468 direct construction jobs based on the net new spending amount.

⁴ As estimated by the Applicant.

Table 3

Economic Impact - Construction Phase			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	468	\$ 43,450,990	\$ 106,822,470
Indirect	111	\$ 7,242,794	\$ 23,399,142
Induced	156	\$ 10,202,472	\$ 26,681,895
Total	735	\$ 60,896,256	\$ 156,903,508

Source: EMSI, Camoin 310

Based solely on information in the application, the project timeline should allow the Agency to reach the conclusion that there is a likelihood of accomplishing the Project in a timely manner. Although we are not construction experts, nothing has come to our attention that would cause us to reach a contrary conclusion.

IMPACTS OF NEW HOUSEHOLD SPENDING

In order to determine the annual economic impact of the Project on the county, the first step is to calculate the number of households that can be considered “net new” to the county’s economy. In other words, the number of households that, but for the Project, would not exist in Nassau County. With respect to this Project, net new households consist of those currently residing outside of Nassau County who will choose to move to the county because of the Project, and who would otherwise continue to live elsewhere. For this study, we analyzed the demand of housing in the county and surrounding region. For more information on this methodology, see Attachment B.

NET NEW HOUSEHOLDS

Based on Camoin 310’s rental market demand analysis, this analysis assumes that 50% of households occupying market-rate rental units and condos, and 75% of those occupying workforce units will be net new to the county. This is based on a review of the data and an understanding of the proposed Project as detailed above.

Since 10% of rental units are to be designated as workforce units, this means that there will be 24 total workforce apartment units and 214 total market rate units. Of these units, 107 of the market-rate units and 18 of the workforce units will be considered to be net new. 100 of the 200 condo are considered to be net new.

Table 4

Net New Households			
	<u>Total Households</u>	<u>Percent Net New</u>	<u>Net New Households</u>
Market-Rate Apartments	214	50%	107
Workforce Apartments	24	75%	18
Condos	200	50%	100
Total	438	51%	225

Source: Esri, Camoin 310

CAMOIN 310

SPENDING BY NEW TENANTS

New residents would make purchases in the county, thereby adding new dollars to the Nassau County economy. For this analysis, we researched spending patterns by household income to differentiate the spending by workforce housing rental tenants versus market rate rental tenants and condo residents.

Nassau County median family income in 2018 was \$111,240⁵. The Applicant proposed to offer 10% of rental units as workforce housing. According to the application, this housing will be reserved for households making 130% AMI,⁶ which can be estimated as between \$126,625 and \$138,781.⁷ Therefore, we will consider spending for the workforce housing eligible group to be in the \$100,000 to \$149,999 spending basket, per the Bureau of Labor Statistics' 2018 Consumer Expenditure Survey. Using a spending basket for the region which details household spending in individual consumer categories by income level, we analyzed likely tenant spending. According to the 2018 Consumer Expenditure Survey, households with an income in this range have annual expenditures (excluding housing and utility costs) of \$46,348.

For market-rate rental units, qualifying tenants will need a household income of at least \$160,000 given market rents in the range of \$4,000 for comparable units in the vicinity of the project. Therefore, market-rate households are assumed to fall in the same \$150,000 to \$199,999 income bracket and are assumed to have annual expenditures of \$57,520.

Given the high-end nature of the development and the desirable beach location, residents of condo units are expected to have annual household incomes of \$200,000+. These households will have annual expenditures of \$77,327.

The second column in the Table 5 shows the total spending for all three household types by category. It is assumed that 70% of total expenditures would occur within Nassau County and, therefore, have an impact on the Nassau County economy. The fourth column shows the total amount spent in the county.

⁵ Source: U.S. Census Bureau, 2014-2018 American Community Survey 5-Year Estimates

⁶ According to the applicant, workforce housing units will be designated for households earning 130% AMI in accordance with Long Island Housing partnership standards and New York General Municipal Law Article 16-A.

⁷ According to HUD's 2019-2020 income limits for the Nassau-Suffolk region

Table 5

Tenant Spending Basket			
Market-Rate Rental Units (\$150,000 to \$199,999 Annual Household Income)			
Category	Annual per Unit Spending Basket	Amount Spent in County (70%)	County Spending (107 net new units)
Food	\$ 13,195	\$ 9,237	\$ 988,306
Household furnishings and equipment	\$ 4,120	\$ 2,884	\$ 308,588
Apparel and services	\$ 3,570	\$ 2,499	\$ 267,393
Transportation	\$ 16,523	\$ 11,566	\$ 1,237,573
Health care	\$ 7,664	\$ 5,365	\$ 574,034
Entertainment	\$ 5,913	\$ 4,139	\$ 442,884
Personal care products and services	\$ 1,353	\$ 947	\$ 101,340
Education	\$ 3,315	\$ 2,321	\$ 248,294
Miscellaneous	\$ 1,867	\$ 1,307	\$ 139,838
Annual Discretionary Spending	\$ 57,520	\$ 40,264	\$ 4,308,248
Workforce Units for Tenants Earnings 130% AMI (\$100,000 to \$149,999 Annual Household Income)			
Category	Annual per Unit Spending Basket	Amount Spent in County (70%)	Total Net New County Spending (18 net new units)
Food	\$ 10,854	\$ 7,598	\$ 136,760
Household furnishings and equipment	\$ 2,883	\$ 2,018	\$ 36,326
Apparel and services	\$ 2,579	\$ 1,805	\$ 32,495
Transportation	\$ 14,167	\$ 9,917	\$ 178,504
Health care	\$ 6,836	\$ 4,785	\$ 86,134
Entertainment	\$ 4,677	\$ 3,274	\$ 58,930
Personal care products and services	\$ 1,077	\$ 754	\$ 13,570
Education	\$ 2,087	\$ 1,461	\$ 26,296
Miscellaneous	\$ 1,188	\$ 832	\$ 14,969
Annual Discretionary Spending	\$ 46,348	\$ 32,444	\$ 583,985
Condo Units (\$200,000+ Annual Household Income)			
Category	Annual per Unit Spending Basket	Amount Spent in County (70%)	County Spending (100 net new units)
Food	\$ 16,392	\$ 11,474	\$ 1,147,440
Household furnishings and equipment	\$ 5,172	\$ 3,620	\$ 362,040
Apparel and services	\$ 5,169	\$ 3,618	\$ 361,830
Transportation	\$ 22,698	\$ 15,889	\$ 1,588,860
Health care	\$ 9,031	\$ 6,322	\$ 632,170
Entertainment	\$ 8,409	\$ 5,886	\$ 588,630
Personal care products and services	\$ 1,867	\$ 1,307	\$ 130,690
Education	\$ 6,251	\$ 4,376	\$ 437,570
Miscellaneous	\$ 2,338	\$ 1,637	\$ 163,660
Annual Discretionary Spending	\$ 77,327	\$ 54,129	\$ 5,412,890
Total Net New County Spending			\$ 10,305,123

Source: 2018 Consumer Expenditure Survey, Bureau of Labor Statistics

CAMOIN 310

The total net new spending in the county was calculated by multiplying the amount spent in the county by the number of net new units. As shown in the table above, spending in the county by all new households would total \$10,305,123 per year. We used the above spending basket amounts to calculate the direct, indirect, and total impact of the Project on the county. To do this, we attributed the various spending categories to the NAICS codes found in Table 6.

Table 6

Spending Basket Breakdown by NAICS Code

NAICS Code	Industry	Spending Basket Category
445110	Supermarkets and Other Grocery (except Convenience) Stores	Food
722511	Full-Service Restaurants	Food
442299	All Other Home Furnishings Stores	Household furnishings and equipment
448140	Family Clothing Stores	Apparel and services
441110	New Car Dealers	Transportation
447110	Gasoline Stations with Convenience Stores	Transportation
811111	General Automotive Repair	Transportation
524114	Direct Health and Medical Insurance Carriers	Health Care
622110	General Medical and Surgical Hospitals (Private)	Health Care
512131	Motion Picture Theaters	Entertainment
452319	All Other General Merchandise Stores	Entertainment
452319	All Other General Merchandise Stores	Personal care products and services
452319	All Other General Merchandise Stores	Miscellaneous
611310	Colleges, Universities, and Professional Schools	Education

Source: Camoin 310

Using \$10,305,123 as the new sales input, Camoin 310 employed EMSI to determine the indirect, induced, and total impact of the project. Table 7 outlines the findings of this analysis.

Table 7

Economic Impact - Household Spending

	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	91	\$ 3,525,495	\$ 10,305,123
Indirect	19	\$ 1,123,701	\$ 3,454,057
Induced	19	\$ 1,438,368	\$ 3,680,476
Total	129	\$ 6,087,564	\$ 17,439,656

Source: EMSI, Camoin 310

CAMOIN 310

IMPACTS OF ON-SITE EMPLOYMENT

The Applicant anticipates that 20 people will be employed on-site with an associated on-site payroll of \$978,960 upon Project completion.⁸ 225 of the 438 new housing units, or 51%, are considered net new to the county; therefore, 51% of the on-site activity would be net new. In this case, 10 jobs and \$499,270 in earnings are considered to be net new to the county.⁹

Table 8

Net New Jobs	
Total Jobs	20
Total Payroll	\$978,960
% Net New	51%
Net New Jobs	10
Net New Payroll	\$499,270

Source: Applicant, Camoin 210

Using these new jobs and wages as the direct earnings input, Emsi was used to calculate the indirect and induced economic impact of the on-site activity. Table 9 details the impact that the on-site activity will have on Nassau County in terms of employment, earnings, and sales.

Table 9

Economic Impact - On-Site Operations			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	10	\$ 499,270	\$ 2,224,619
Indirect	5	\$ 397,163	\$ 1,159,437
Induced	3	\$ 244,091	\$ 633,961
Total	18	\$ 1,140,524	\$ 4,018,017

Source: EMSI, Camoin 310

TOTAL ANNUAL ECONOMIC IMPACT

The complete economic impact of both new household spending as well as on-site operation and maintenance of the Project is displayed in Table 10.

Table 10

Total Annual Economic Impact			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	101	\$ 4,024,765	\$ 12,529,742
Indirect	24	\$ 1,520,864	\$ 4,613,494
Induced	22	\$ 1,682,459	\$ 4,314,437
Total	147	\$ 7,228,088	\$ 21,457,673

Source: EMSI, Camoin 310

⁸ Represents the operations of both the rental and condominium communities.

⁹ The Project includes the construction of 6,500 square feet of retail space. Based on standard industry assumptions of square feet per employee, 11 jobs are estimated to be attributed to this retail space. These jobs were used as a direct input in Emsi to calculate the direct sales associated with this space. Direct sales for the retail space equal approximately \$766,133. These impacts are captured in the economic impacts of new household spending and are not listed separately in order to avoid double counting.

FISCAL IMPACT ANALYSIS

In addition to the economic impact of the Project on the local economy (outlined above), there would also be a fiscal impact in terms of annual property tax and sales tax generation. The following section of the analysis outlines the impact of the completion of the Project on the local taxing jurisdictions in terms of the cost and/or benefit to municipal budgets.

PAYMENT IN LIEU OF TAXES (PILOT)

The Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement on the rental portion of the development. The condo portion will pay full taxes. The Applicant has proposed a 25-year payment schedule for the rental development based on the current tax rate, taxable value, and assessed value of the Project, as shown in Table 11.

Table 11

Tax Payments with PILOT (Rental Community)		
<u>Year</u>		<u>PILOT Payments</u>
1	\$	237,483
2	\$	241,781
3	\$	246,158
4	\$	250,613
5	\$	255,149
6	\$	259,767
7	\$	264,469
8	\$	269,256
9	\$	274,130
10	\$	279,091
11	\$	408,334
12	\$	537,669
13	\$	667,096
14	\$	796,618
15	\$	926,237
16	\$	1,055,954
17	\$	1,185,771
18	\$	1,315,690
19	\$	1,445,712
20	\$	1,575,840
21	\$	1,706,076
22	\$	1,836,421
23	\$	1,966,877
24	\$	2,097,447
25	\$	2,228,132
Total	\$	22,327,771
Average	\$	893,111

Source: Nassau County IDA, Camoin 310

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TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin 310 assumes the Applicant would not undertake the Project. Based on the current taxes applicable on the Site and an assumed annual increase to the tax rate of 2.00%¹⁰ (holding taxable value constant), the following table outlines the estimated tax payments made by the building owner without the Project.

Table 12

Tax Payments without Project (Rental Community)	
<u>Year</u>	<u>Property Tax Payment Without Project*</u>
1	\$ 237,483
2	\$ 242,233
3	\$ 247,077
4	\$ 252,019
5	\$ 257,059
6	\$ 262,200
7	\$ 267,444
8	\$ 272,793
9	\$ 278,249
10	\$ 283,814
11	\$ 289,490
12	\$ 295,280
13	\$ 301,186
14	\$ 307,210
15	\$ 313,354
16	\$ 319,621
17	\$ 326,013
18	\$ 332,534
19	\$ 339,184
20	\$ 345,968
21	\$ 352,887
22	\$ 359,945
23	\$ 367,144
24	\$ 374,487
25	\$ 381,977
Total	\$ 7,606,651
Average	\$ 304,266

Source: Nassau County IDA, Camoin 310

*Assumes an average annual increase of 2.00%

¹⁰ The tax rate is increased by 2.00% annually, the maximum inflation factor that can be reasonably anticipated into the future. New York State property tax cap legislation limits tax levy growth to an inflation factor set by the State or 2.00%, whichever is less, the amount by which a government entity may increase its annual tax levy (certain exceptions apply). Although in recent years the inflation has been less than 2.00%, using 2.00% for the purposes of comparing future otherwise applicable property tax payments without the Project to the proposed PILOT schedule provides a conservative estimate of the Project’s benefit/cost to the County.

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Table 13 calculates the benefit (or cost) to the affected taxing jurisdictions as the difference between the PILOT payments associated with the Project and the property tax payments without the Project. In the first year of comparison, the property taxes without the Project are equal to the PILOT payments with the Project. Over the course of the proposed PILOT term, the average annual collection by local jurisdictions would be approximately \$588,845 more in PILOT revenue than property taxes without the Project. The total benefit to the affected taxing jurisdictions of the PILOT agreement over 25 years would be over \$14.7 million.

Table 13

Tax Policy Comparison (Rental Community)				
Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) To County of Project	
1	\$ 237,483	\$ 237,483	\$ -	
2	\$ 242,233	\$ 241,781	\$ (452)	
3	\$ 247,077	\$ 246,158	\$ (919)	
4	\$ 252,019	\$ 250,613	\$ (1,406)	
5	\$ 257,059	\$ 255,149	\$ (1,910)	
6	\$ 262,200	\$ 259,767	\$ (2,433)	
7	\$ 267,444	\$ 264,469	\$ (2,975)	
8	\$ 272,793	\$ 269,256	\$ (3,537)	
9	\$ 278,249	\$ 274,130	\$ (4,119)	
10	\$ 283,814	\$ 279,091	\$ (4,723)	
11	\$ 289,490	\$ 408,334	\$ 118,844	
12	\$ 295,280	\$ 537,669	\$ 242,389	
13	\$ 301,186	\$ 667,096	\$ 365,910	
14	\$ 307,210	\$ 796,618	\$ 489,408	
15	\$ 313,354	\$ 926,237	\$ 612,883	
16	\$ 319,621	\$ 1,055,954	\$ 736,333	
17	\$ 326,013	\$ 1,185,771	\$ 859,758	
18	\$ 332,534	\$ 1,315,690	\$ 983,156	
19	\$ 339,184	\$ 1,445,712	\$ 1,106,528	
20	\$ 345,968	\$ 1,575,840	\$ 1,229,872	
21	\$ 352,887	\$ 1,706,076	\$ 1,353,189	
22	\$ 359,945	\$ 1,836,421	\$ 1,476,476	
23	\$ 367,144	\$ 1,966,877	\$ 1,599,733	
24	\$ 374,487	\$ 2,097,447	\$ 1,722,960	
25	\$ 381,977	\$ 2,228,132	\$ 1,846,155	
Total	\$ 7,606,651	\$ 22,327,771	\$ 14,721,120	
Average	\$ 304,266	\$ 893,111	\$ 588,845	

Source: Nassau County IDA, Camoin 310

CAMOIN 310

OTHER EXEMPTIONS

The PILOT program would offer the Applicant savings in terms of property tax benefits, but there are other benefits to working with the Agency including a sales tax exemption on construction materials and furniture, fixtures, and equipment and a mortgage recording tax exemption.

Table 14

Summary of Costs to County

	Rental	Condo	Total
Sales Tax Exemption	\$ 6,019,676	\$7,711,418	\$ 13,731,094
Mortgage Tax Exemption	\$ 947,483	\$1,266,938	\$ 2,214,421

Source: Applicant, Camoin 310

The additional incentives offered by the County will benefit the Applicant but will not negatively affect the County because, without the Project, the County by definition would not be receiving any associated sales tax or mortgage tax revenue.

SALES TAX REVENUE

SALES TAX REVENUE – CONSTRUCTION PHASE

The one-time construction phase earnings described by the total economic impact of the construction work (described in above section) would lead to additional sales tax revenue for the County. It is assumed that 70%¹¹ of the construction phase earnings would be spent within Nassau County and that 25% of those purchases would be taxable.

Table 15

**One-Time Sales Tax Revenue
Construction Phase**

Total New Earnings	\$ 60,896,256
Amount Spent in County (70%)	\$ 42,627,379
Amount Taxable (25%)	\$ 10,656,845
County Sales Tax Rate	4.25%
New County Tax Revenue	\$ 452,916

Source: Nassau County, Camoin 310

As a result of the construction phase employment, the County would receive approximately \$452,916 in new sales tax revenue from the economic impacts of renovation.

¹¹ A retail leakage analysis of Nassau County suggests that a vast majority of the goods and services that employees will be purchasing are available within the county (food, clothing, vehicles, computers, etc.), but there still will be some outside spending on travel and through purchases made online and in neighboring counties. Based on third party proprietary retail spending data, 70% is a reasonable assumption for the amount of in-county spending. (Source: Esri Business Analyst Online Retail Market Profile)

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SALES TAX REVENUE – NEW HOUSEHOLD SPENDING

In addition to sales tax generated by the construction phase, the County would also receive sales tax revenue from the purchases made by the new households. Table 16 displays the new sales tax revenue that Nassau County would receive annually based on in-county spending by new households.

Table 16

Annual Sales Tax Revenue Household Spending	
Total New Spending	\$ 17,439,656
Amount Taxable (30%)	\$ 5,231,897
County Sales Tax Rate	4.25%
New County Tax Revenue	\$ 222,356

Source: Nassau County, Camoin 310

Note that the household spending figure has already been adjusted to account for 70% of total spending occurring within the county (see table entitled “Tenant Spending Baskets”). Also note that we have used a higher value for “Amount Taxable” as compared to the previous tables (30% rather than 25%) since certain non-taxable items (related to housing expenses) have been removed from the total spending line, this increasing the remaining portion taxable.

SALES TAX REVENUE – EMPLOYEE EARNINGS

The new earnings generated by on-site jobs that will occur as a result of building occupation at the Project (described under Impacts of On-Site Employment) would lead to additional annual sales tax revenue for the county. It is assumed that 70% of the earnings would be spent within Nassau County and that 25% of those purchases will be taxable. Table 17 displays the annual tax revenue that the County will receive.

Table 17

Annual Sales Tax Revenue On-Site Operations	
Total New Earnings	\$ 1,140,524
Amount Spent in County (70%)	\$ 798,367
Amount Taxable (25%)	\$ 199,592
County Sales Tax Rate	4.25%
New County Tax Revenue	\$ 8,483

Source: Nassau County, Camoin 310

TOTAL ANNUAL SALES TAX REVENUE

The total annual sales tax revenue that the County will receive is summarized in Table 18.

Table 18

Total Annual Sales Tax Revenue	
Household Spending	\$ 222,356
On-Site Operations	\$ 8,483
New County Tax Revenue	\$ 230,838

Source: Nassau County, Camoin 310

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 industry-to-industry purchases. Finally, the widget manufacturer has employees who will naturally spend their wages. Again, those 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. Together, these effects are referred to as the “Indirect 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. The ratio of Total Effects to Direct 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 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.

ATTACHMENT B: CALCULATING NET NEW HOUSEHOLDS

"Net new" households that move into a geography because of the availability of desired housing contribute to that geography's economy in measurable ways. Estimating the number of net new households, the households that would not otherwise live in the geography, is therefore a critical task for an economic and fiscal impact analysis for a project that includes housing.

Our housing market research indicates that housing is heavily affected by demand, with households in different demographic groups seeking diverse housing price points and amenities. Our estimates of net new households take into consideration demographic and economic differences among renters, and price points among units offered, identifying the existence and size of a housing gap (where more units are demanded than are available) or surplus (where there is oversupply) in the market segment to be served by the proposed project. Generally, where there is a significant housing gap outside the geography but within a reasonable distance for relocation, a project will draw a larger proportion of net new households into that geography. Each project may therefore have a different expectation for net new households, depending on price point, age restriction if any, and location.

The following steps outline our process for calculating net new households. All data is drawn from Esri Business Analyst.

1. Identify *where* households are likely to come from. We expect that renters for a new project would consider housing within a reasonable driving time from their current location, creating a "renter-shed" for a new project. Households that are within the drive time but outside of the study area are net new.
2. Identify the existing rental housing supply at different price points. Using data from Esri, we identify rental housing units in the study area by price point and calculate the minimum household income expected to be necessary to afford rent by price range.
3. Identify the number of households at different income levels. We analyze households by income group and rental behavior to estimate an "implied number renting" for different income groups.
4. Calculate net housing surplus or gap by price point. Rental housing supply and rental housing demand is compared to calculate a "net gap," indicating excess demand for the project, or a "net surplus." To estimate net new households for a project, the net gap in the study area is compared to the net gap in the drive time.



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EXHIBIT B

**FORM OF NYS FORM ST-60 TO BE COMPLETED BY COMPANY AND FILED WITH
THE NYS TAX DEPARTMENT IDA UNIT FOR EACH OF ITS SUBAGENTS WITHIN
THIRTY (30) DAYS OF APPOINTMENT**

[See Attached Page]



IDA Appointment of Project Operator or Agent For Sales Tax Purposes

The industrial development agency or authority (IDA) **must** submit this form within **30 days** of the appointment of a project operator or agent, whether appointed directly by the IDA or indirectly by the operator or another agent.

For IDA use only

IDA information

Name of IDA Nassau County Industrial Development Agency			IDA project number (use OSC numbering system for projects after 1998) 2803-21-05B
Street address One West Street			Telephone number (516) 571-1945
City Mineola	State NY	ZIP code 11501	Email address (optional) N/A

Project operator or agent information

Name of IDA project operator or agent		Mark an X in the box if directly appointed by the IDA: <input type="checkbox"/>	Employer identification or Social Security number	
Street address		Telephone number ()	Primary operator or agent? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
City	State	ZIP code	Email address (optional) N/A	

****NOTE: Issued to reflect appointment of sub-agent.****

Project information

Name of project ISLA BLU AT LONG BEACH LLC, 2021 Project			**and any lands located in Nassau County and occupied by license or easement during construction or improved by third parties for the benefit of the Project	
Street address of project site Between Long Beach Boulevard, Shore Road and Riverside Boulevard**				
City Long Beach	State NY	ZIP code 11561	Email address (optional) N/A	
Purpose of project The Project consists of: The non-rental component (an approximately two-hundred (200) unit structure and related parking) of the acquisition of an approximately 6.04 acre parcel of land, the construction thereon of three, approximately 620,000 square foot in total, mixed-use residential buildings, transit oriented development, together with related improvements to the Land, including, but not limited to, a parking garage, retail space and the acquisition of certain furniture, fixtures, machinery and equipment.				

Description of goods and services intended to be exempted from New York State and local sales and use taxes Goods and services, inclusive of fuel and utilities, whether the goods and services are purchased or rented, and notwithstanding that they continue to constitute personal property or the item is used after the completion of the Project, or the item is geographically located outside the legal boundaries of the Project Facility; provided there is a reasonable basis to acquire the item to benefit the Project.				
Date project operator or agent appointed (m/d/yy)		Date project operator or agent status ends (m/d/yy) 070125		Mark an X in the box if this is an extension to an original project: <input type="checkbox"/>
Estimated value of goods and services that will be exempt from New York State and local sales and use tax: 89,407,744.93			Estimated value of New York State and local sales and use tax exemption provided: 7,711,418.00	

Certification: I certify that the above statements are true, complete, and correct, and that no material information has been omitted. I make these statements with the knowledge that willfully providing false or fraudulent information with this document may constitute a felony or other crime under New York State Law, punishable by a substantial fine and possible jail sentence. I also understand that the Tax Department is authorized to investigate the validity of any information entered on this document.

Print name of officer or employee signing on behalf of the IDA Harry Coghlan		Print title Chief Executive Officer/Executive Director		
Signature		Date	Telephone number (516) 571-1945	

Instructions

When to file

An IDA must file this form within 30 days of the date they appoint any project operator or other person as agent of the IDA, for purposes of extending any sales and use tax exemptions.

Requirements to file

The IDA must file a separate form for each person it appoints as agent, whether directly or indirectly, and regardless of whether the person is the primary project operator or agent. If the IDA authorizes a project operator or agent to appoint other persons as agent of the IDA, the operator or agent making such an appointment must advise the IDA that it has done so, so that the IDA can file a form within 30 days of the date of the new agent's appointment. The IDA should not file this form for a person hired to work on an IDA project if that person is not appointed as agent of the IDA. The IDA should not file this form if they do not extend any sales or use tax exemption benefits for the project.

If an IDA modifies a project, such as by extending it beyond its original completion date, or by increasing or decreasing the amount of sales and use tax exemption benefits authorized for the project, they must, within 30 days of the change, file a new form with the new information.

If the information on this form changes

If an IDA amends, revokes, or cancels the appointment of an agent, or if an agent's appointment becomes invalid for any reason, the IDA, within 30 days, must send a letter to the address below for filing this form, indicating that the appointment has been amended, revoked, or cancelled, or is no longer valid, and the effective date of the change. They must attach to the letter a copy of the form it originally filed. The IDA should not send a letter for a form that is not valid merely because the *Completion date of project* has passed.

Mailing instructions

Mail completed form to:

**NYS TAX DEPARTMENT
IDA UNIT
W A HARRIMAN CAMPUS
ALBANY NY 12227-0866**

Private delivery services – See Publication 55, *Designated Private Delivery Services*.

Privacy notification

New York State Law requires all government agencies that maintain a system of records to provide notification of the legal authority for any request for personal information, the principal purpose(s) for which the information is to be collected, and where it will be maintained. To view this information, visit our website, or, if you do not have Internet access, call and request Publication 54, *Privacy Notification*. See *Need help?* for the Web address and telephone number.

Need help?



Visit our website at **www.tax.ny.gov**

- get information and manage your taxes online
- check for new online services and features

Telephone assistance

Sales Tax Information Center:	518-485-2889
To order forms and publications:	518-457-5431
Text Telephone (TTY) or TDD equipment users	Dial 7-1-1 for the New York Relay Service

EXHIBIT C-1

**NYS FORM ST-123
FOR
COMPANY**

[See Attached Page]



IDA Agent or Project Operator Exempt Purchase Certificate

Effective for projects beginning on or after June 1, 2014

This certificate is not valid unless all entries have been completed.

Note: To be completed by the purchaser and given to the seller. Do not use this form to purchase motor fuel or diesel motor fuel exempt from tax. See Form FT-123, IDA Agent or Project Operator Exempt Purchase Certificate for Fuel.

Table with seller and agent information including name, address, city, state, ZIP code, and sales tax ID number.

Mark an X in one: [] Single-purchase certificate [X] Blanket-purchase certificate (valid only for the project listed below)

To the seller:

You must identify the project on each bill and invoice for such purchases and indicate on the bill or invoice that the IDA or agent or project operator of the IDA was the purchaser.

Project information

I certify that I am a duly appointed agent or project operator of the named IDA and that I am purchasing the tangible personal property or services for use in the following IDA project and that such purchases qualify as exempt from sales and use taxes under my agreement with the IDA.

Table with project information including Name of IDA, Name of project, IDA project number, Street address of project site, City, town, or village, State, ZIP code, and dates of appointment and status ends.

Exempt purchases

(Mark an X in boxes that apply)

- A. Tangible personal property or services (other than utility services and motor vehicles or tangible personal property installed in a qualifying motor vehicle) used to complete the project, but not to operate the completed project
B. Certain utility services (gas, propane in containers of 100 pounds or more, electricity, refrigeration, or steam) used to complete the project, but not to operate the completed project
C. Motor vehicle or tangible personal property installed in a qualifying motor vehicle

Certification: I certify that the above statements are true, complete, and correct, and that no material information has been omitted. I make these statements and issue this exemption certificate with the knowledge that this document provides evidence that state and local sales or use taxes do not apply to a transaction or transactions for which I tendered this document and that willfully issuing this document with the intent to evade any such tax may constitute a felony or other crime under New York State Law, punishable by a substantial fine and a possible jail sentence.

Signature of purchaser or purchaser's representative (include title and relationship) and Date fields.

Instructions

To the purchaser

You may use Form ST-123 if you:

- have been appointed as an agent or project operator by an industrial development agency (IDA) and
- the purchases qualify for exemption from sales and use tax as described in the IDA contract.

You may use Form ST-123 as a single-purchase certificate or as a blanket certificate covering the first and subsequent purchases qualifying for the project listed.

Agent or project operator sales tax ID number — If you are registered with the Tax Department for sales tax purposes, you must enter your sales tax identification number on this certificate. If you are not required to be registered, enter **N/A**.

Industrial development agencies and authorities (IDAs) are public benefit corporations under General Municipal Law Article 18-A and the Public Authorities Law, for the purpose of promoting, developing, encouraging, and assisting in the acquisition, construction, reconstruction, improvement, maintenance, equipping, and furnishing of industrial, manufacturing, warehousing, commercial, research, and recreational facilities in New York State.

IDAs are exempt from the payment of sales and use tax on their purchases, in accordance with Tax Law section 1116(a)(1). However, IDAs do not normally make direct purchases for projects. Commonly, IDAs instead appoint a business enterprise or developer, contractor, or subcontractor as its agent or project operator. Such purchases made by the agent or project operator, acting within the authority granted by the IDA, are deemed to be made by the IDA and therefore exempt from tax.

Example 1: IDA agreement with its agent or project operator states that contractor X may make all purchases of materials and equipment necessary for completion of the project, as agent for the IDA. Contractor X rents a backhoe and a bulldozer for site preparation, purchases concrete and lumber to construct a building, and purchases machinery to be installed in the building. All these purchases by contractor X as agent of the IDA are exempt from tax.

Example 2: IDA agreement with its agent or project operator states that contractor X may make all purchases of materials and equipment to be incorporated into the project, as agent for the IDA. Contractor X makes the same purchases as in Example 1. Since the concrete, lumber, and machinery will actually be incorporated into the project, contractor X may purchase these items exempt from tax. However, rental of the backhoe and bulldozer is not exempt since these transactions are normally taxable and the IDA agreement does not authorize contractor X to make such rentals as agent of the IDA.

A contractor or subcontractor not appointed as agent or project operator of an IDA must present suppliers with Form ST-120.1, *Contractor Exempt Purchase Certificate*, when making purchases that are ordinarily exempt from tax in accordance with Tax Law sections 1115(a)(15) and 1115(a)(16). For more information, see Form ST-120.1.

Exempt purchases

To qualify, the purchases must be made within the authority granted by the IDA and used to complete the project (not to operate the completed project).

- Mark box A to indicate you are purchasing tangible personal property and services (other than utility services and motor vehicles or tangible personal property installed in a qualifying motor vehicle) exempt from tax.
- Mark box B to indicate you are purchasing certain consumer utility services used in completing the project exempt from tax. This includes gas, electricity, refrigeration, and steam; and gas, electric, refrigeration, and steam services.
- Mark box C to indicate you are purchasing a motor vehicle or tangible personal property related to a qualifying motor vehicle exempt from tax.

Misuse of this certificate

Misuse of this exemption certificate may subject you to serious civil and criminal sanctions in addition to the payment of any tax and interest due. These include:

- A penalty equal to 100% of the tax due;
- A \$50 penalty for each fraudulent exemption certificate issued;
- Criminal felony prosecution, punishable by a substantial fine and a possible jail sentence; and
- Revocation of your *Certificate of Authority*, if you are required to be registered as a vendor. See TSB-M-09(17)S, *Amendments that Encourage Compliance with the Tax Law and Enhance the Tax Department's Enforcement Ability*, for more information.

To the seller

When making purchases as agent or project operator of an IDA, the purchaser must provide you with this exemption certificate with all entries completed to establish the right to the exemption. You **must** identify the project on each bill and invoice for such purchases and indicate on the bill or invoice that the IDA or agent or project operator of the IDA was the purchaser.

As a New York State registered vendor, you may accept an exemption certificate in lieu of collecting tax and be protected from liability for the tax if the certificate is valid. The certificate will be considered valid if it is:

- accepted in good faith;
- in your possession within 90 days of the transaction; and
- properly completed (all required entries were made).

An exemption certificate is accepted in good faith when you have no knowledge that the exemption certificate is false or is fraudulently given, and you exercise reasonable ordinary due care. If you do not receive a properly completed certificate within 90 days after the delivery of the property or service, you will share with the purchaser the burden of proving the sale was exempt.

You must also maintain a method of associating an invoice (or other source document) for an exempt sale with the exemption certificate you have on file from the purchaser. You must keep this certificate at least three years after the due date of your sales tax return to which it relates, or the date the return was filed, if later.

Privacy notification

New York State Law requires all government agencies that maintain a system of records to provide notification of the legal authority for any request, the principal purpose(s) for which the information is to be collected, and where it will be maintained. To view this information, visit our Web site, or, if you do not have Internet access, call and request Publication 54, *Privacy Notification*. See *Need help?* for the Web address and telephone number.

Need help?



Visit our Web site at **www.tax.ny.gov**

- get information and manage your taxes online
- check for new online services and features



Sales Tax Information Center: (518) 485-2889

To order forms and publications: (518) 457-5431



Text Telephone (TTY) Hotline
(for persons with hearing and speech disabilities using a TTY): (518) 485-5082

EXHIBIT C-2

**NYS FORM ST-123
FOR
SUBAGENTS OF COMPANY**

[See Attached Page]



IDA Agent or Project Operator Exempt Purchase Certificate

Effective for projects beginning on or after June 1, 2014

This certificate is not valid unless all entries have been completed.

Note: To be completed by the purchaser and given to the seller. Do not use this form to purchase motor fuel or diesel motor fuel exempt from tax. See Form FT-123, IDA Agent or Project Operator Exempt Purchase Certificate for Fuel.

Form with fields for Name of seller, Name of agent or project operator, Street address, City, town, or village, State, ZIP code, and Agent or project operator sales tax ID number.

Mark an X in one: [] Single-purchase certificate [X] Blanket-purchase certificate (valid only for the project listed below)

To the seller:

You must identify the project on each bill and invoice for such purchases and indicate on the bill or invoice that the IDA or agent or project operator of the IDA was the purchaser.

Project information

I certify that I am a duly appointed agent or project operator of the named IDA and that I am purchasing the tangible personal property or services for use in the following IDA project and that such purchases qualify as exempt from sales and use taxes under my agreement with the IDA.

Form with fields for Name of IDA (Nassau County Industrial Development Agency), Name of project (ISLA BLU AT LONG BEACH LLC, 2021 Project), IDA project number (2803-21-05B), Street address of project site (Between Long Beach Boulevard, Shore Road and Riverside Boulevard), City, town, or village (Long Beach), State (NY), ZIP code (11561), and dates for agent appointment and operator status.

Exempt purchases

(Mark an X in boxes that apply)

- [X] A. Tangible personal property or services (other than utility services and motor vehicles or tangible personal property installed in a qualifying motor vehicle) used to complete the project, but not to operate the completed project
[] B. Certain utility services (gas, propane in containers of 100 pounds or more, electricity, refrigeration, or steam) used to complete the project, but not to operate the completed project
[] C. Motor vehicle or tangible personal property installed in a qualifying motor vehicle

Certification: I certify that the above statements are true, complete, and correct, and that no material information has been omitted. I make these statements and issue this exemption certificate with the knowledge that this document provides evidence that state and local sales or use taxes do not apply to a transaction or transactions for which I tendered this document and that willfully issuing this document with the intent to evade any such tax may constitute a felony or other crime under New York State Law, punishable by a substantial fine and a possible jail sentence.

Form with fields for Signature of purchaser or purchaser's representative (include title and relationship) and Date.

Instructions

To the purchaser

You may use Form ST-123 if you:

- have been appointed as an agent or project operator by an industrial development agency (IDA) and
- the purchases qualify for exemption from sales and use tax as described in the IDA contract.

You may use Form ST-123 as a single-purchase certificate or as a blanket certificate covering the first and subsequent purchases qualifying for the project listed.

Agent or project operator sales tax ID number — If you are registered with the Tax Department for sales tax purposes, you must enter your sales tax identification number on this certificate. If you are not required to be registered, enter **N/A**.

Industrial development agencies and authorities (IDAs) are public benefit corporations under General Municipal Law Article 18-A and the Public Authorities Law, for the purpose of promoting, developing, encouraging, and assisting in the acquisition, construction, reconstruction, improvement, maintenance, equipping, and furnishing of industrial, manufacturing, warehousing, commercial, research, and recreational facilities in New York State.

IDAs are exempt from the payment of sales and use tax on their purchases, in accordance with Tax Law section 1116(a)(1). However, IDAs do not normally make direct purchases for projects. Commonly, IDAs instead appoint a business enterprise or developer, contractor, or subcontractor as its agent or project operator. Such purchases made by the agent or project operator, acting within the authority granted by the IDA, are deemed to be made by the IDA and therefore exempt from tax.

Example 1: IDA agreement with its agent or project operator states that contractor X may make all purchases of materials and equipment necessary for completion of the project, as agent for the IDA. Contractor X rents a backhoe and a bulldozer for site preparation, purchases concrete and lumber to construct a building, and purchases machinery to be installed in the building. All these purchases by contractor X as agent of the IDA are exempt from tax.

Example 2: IDA agreement with its agent or project operator states that contractor X may make all purchases of materials and equipment to be incorporated into the project, as agent for the IDA. Contractor X makes the same purchases as in Example 1. Since the concrete, lumber, and machinery will actually be incorporated into the project, contractor X may purchase these items exempt from tax. However, rental of the backhoe and bulldozer is not exempt since these transactions are normally taxable and the IDA agreement does not authorize contractor X to make such rentals as agent of the IDA.

A contractor or subcontractor not appointed as agent or project operator of an IDA must present suppliers with Form ST-120.1, *Contractor Exempt Purchase Certificate*, when making purchases that are ordinarily exempt from tax in accordance with Tax Law sections 1115(a)(15) and 1115(a)(16). For more information, see Form ST-120.1.

Exempt purchases

To qualify, the purchases must be made within the authority granted by the IDA and used to complete the project (not to operate the completed project).

- Mark box A to indicate you are purchasing tangible personal property and services (other than utility services and motor vehicles or tangible personal property installed in a qualifying motor vehicle) exempt from tax.
- Mark box B to indicate you are purchasing certain consumer utility services used in completing the project exempt from tax. This includes gas, electricity, refrigeration, and steam; and gas, electric, refrigeration, and steam services.
- Mark box C to indicate you are purchasing a motor vehicle or tangible personal property related to a qualifying motor vehicle exempt from tax.

Misuse of this certificate

Misuse of this exemption certificate may subject you to serious civil and criminal sanctions in addition to the payment of any tax and interest due. These include:

- A penalty equal to 100% of the tax due;
- A \$50 penalty for each fraudulent exemption certificate issued;
- Criminal felony prosecution, punishable by a substantial fine and a possible jail sentence; and
- Revocation of your *Certificate of Authority*, if you are required to be registered as a vendor. See TSB-M-09(17)S, *Amendments that Encourage Compliance with the Tax Law and Enhance the Tax Department's Enforcement Ability*, for more information.

To the seller

When making purchases as agent or project operator of an IDA, the purchaser must provide you with this exemption certificate with all entries completed to establish the right to the exemption. You **must** identify the project on each bill and invoice for such purchases and indicate on the bill or invoice that the IDA or agent or project operator of the IDA was the purchaser.

As a New York State registered vendor, you may accept an exemption certificate in lieu of collecting tax and be protected from liability for the tax if the certificate is valid. The certificate will be considered valid if it is:

- accepted in good faith;
- in your possession within 90 days of the transaction; and
- properly completed (all required entries were made).

An exemption certificate is accepted in good faith when you have no knowledge that the exemption certificate is false or is fraudulently given, and you exercise reasonable ordinary due care. If you do not receive a properly completed certificate within 90 days after the delivery of the property or service, you will share with the purchaser the burden of proving the sale was exempt.

You must also maintain a method of associating an invoice (or other source document) for an exempt sale with the exemption certificate you have on file from the purchaser. You must keep this certificate at least three years after the due date of your sales tax return to which it relates, or the date the return was filed, if later.

Privacy notification

New York State Law requires all government agencies that maintain a system of records to provide notification of the legal authority for any request, the principal purpose(s) for which the information is to be collected, and where it will be maintained. To view this information, visit our Web site, or, if you do not have Internet access, call and request Publication 54, *Privacy Notification*. See *Need help?* for the Web address and telephone number.

Need help?



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- check for new online services and features



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Text Telephone (TTY) Hotline
(for persons with hearing and speech disabilities using a TTY): (518) 485-5082

EXHIBIT C-3

INVOICE RIDER FORM

I, _____, the
_____ of _____ certify that I am
a duly appointed agent of the NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(the “Agency”) and that I am purchasing the tangible personal property or services for use in the
following Agency Project and that such purchases qualify as exempt from sales and use taxes
under the Uniform Project Agreement, dated as of August 1, 2021, by and between the Agency
and ISLA BLU AT LONG BEACH LLC.

Name of the Project: ISLA BLU AT LONG BEACH LLC, 2021 Project

Street address of the Project Site: Land located between Long Beach Boulevard,
Shore Road and Riverside Boulevard, City of Long
Beach, Nassau County, New York

Tax Map #: (Section: 59; Block: 116; Lot: 39)

IDA OSC project number: **2803-21-05B**

EXHIBIT D

**NYS FORM ST-340 TO BE COMPLETED BY THE COMPANY AND FILED
ANNUALLY WITH THE NYS TAX DEPARTMENT IDA UNIT NO LATER THAN
FEBRUARY 10TH OF EACH YEAR**

[See Attached Page]



Annual Report of Sales and Use Tax Exemptions Claimed by Agent/Project Operator of Industrial Development Agency/Authority (IDA)

For period ending December 31, _____ (enter year)

Project information

Form with fields for Name of IDA agent/project operator, Employer identification number (EIN), Street address, Telephone number, City, State, ZIP code, Name of IDA, Name of project, IDA project number, Street address of project site, City, State, ZIP, Date project began, Completion date of project, Actual, Expected, Total sales and use tax exemptions.

Representative information (not required)

Form with fields for Authorized representative, if any, Title, Street address, Telephone number, City, State, ZIP code.

Certification

Certification text: I certify that the above statements are true, complete, and correct... Print name of officer, employee, or authorized representative, Title of person signing, Signature, Date.

If you do not annually file a complete report, we may remove your authority to act as an IDA agent/project operator.

Mail completed report to: NYS TAX DEPARTMENT, IDA UNIT, W A HARRIMAN CAMPUS, ALBANY NY 12227-0866

If not using U.S. Mail, see Publication 55, Designated Private Delivery Services.

Instructions

General information

Who must file

The General Municipal Law (GML) and the Public Authorities Law require the agent/project operator (also known as the *project occupant*) of an Industrial Development Agency or Authority (IDA) to file an annual report with the Tax Department. The agent/project operator required to file this report is the person **directly** appointed by the IDA to act for and to represent the IDA for the project. The agent/project operator is ordinarily the one for whom the IDA project was created.

There is usually only one agent/project operator directly appointed by the IDA for an IDA project. However, if the IDA directly appoints multiple agents/project operators, each agent/project operator must file this form (unless they are related corporations).

Only the agent/project operators directly appointed by the IDA must file Form ST-340. Contractors, subcontractors, consultants, or agents appointed by the agent/project operators should **not** themselves file Form ST-340. However, the agent/project operators must include on Form ST-340 information obtained from such contractors, subcontractors, consultants, and agents, as described below.

What you must report

The report must show the **total value** of all state and local **sales and use taxes exempted** during the calendar year, as a result of the project's designation as an IDA project. This includes:

- the value of the exemptions the agent/project operator (you) obtained; and
- the value of the exemptions obtained by your contractors, subcontractors, consultants, and others, whether or not appointed as agents of the IDA.

Include only the **total combined** exemptions obtained by the above people. A breakdown of the total is not required. However, since the report must include the value of the exemptions they obtained, you must keep records of the amounts others report to you.

You must make it clear to the contractors, subcontractors, consultants, and others that they must keep accurate tax information and have it available, so that you can comply with the annual reporting requirements.

Do not include on this report the amount of any sales and use tax exemptions from other provisions of the Tax Law (for example, manufacturer's production equipment exemption, research and development exemption, or contractor's exemption for tangible personal property incorporated into a project of an exempt organization).

When the report is due

You must file Form ST-340 on a calendar-year basis. It is due by the last day of February of the following year. The reporting requirement applies to IDA projects started on or after July 21, 1993.

Project information

At the top of the form, identify the reporting period by entering the year in the space provided. If an address is required, always include the ZIP code.

Name of IDA agent/project operator: Enter your name, address, employer identification number (EIN), and telephone number.

Name of IDA and IDA project number: Enter the name and address of the IDA. If more than one IDA is involved in a particular project, you must file a separate report for the tax exemptions attributable to each IDA. Also enter the ID project number.

Name of project: Enter the name of the project and the address of the project site. If you are involved in more than one project, you

must file a separate report for each project, even if authorized by the same IDA.

Date project began: Enter the date the project started (this means the earliest of the date of any bond or inducement resolution, the execution of any lease, or any bond issuance). Include month, day, and year.

Completion date of project: Enter the date installation, lease, or rental of property (for example, machinery or computers) on the project ended, or the date the project is expected to be completed. Mark an **X** in the appropriate box to indicate if the date entered is actual or expected.

Total sales and use tax exemptions: Enter the total amount of New York State and local sales and use taxes exempted during the reporting period as a result of the project's receipt of IDA financial assistance (*if none, enter 0*). This includes exemptions obtained at the time of purchase, as well as through a refund or credit of tax paid. Include the sales and use taxes exempted on purchases of property or services incorporated into or used on the exempt project. This includes the taxes exempted on purchases made by or on behalf of the agent/project operator, the general contractor for the project, and any subcontractors, consultants, or others. Do **not** enter total purchases.

Representative information

If applicable, enter the name, address, title (for example, attorney or accountant), and telephone number of the individual you authorize to submit this report. This section is not required.

Certification

Enter the name and title of the person signing on your behalf (for example, the IDA agent/project operator's officer, employee, or other authorized representative). Your officer, employee, or authorized representative must sign and date the report.

Mail completed report to:

**NYS TAX DEPARTMENT
IDA UNIT
W A HARRIMAN CAMPUS
ALBANY NY 12227-0866**

If not using U.S. Mail, see Publication 55, *Designated Private Delivery Services*.

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- check for new online services and features

Telephone assistance

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Privacy notification

New York State Law requires all government agencies that maintain a system of records to provide notification of the legal authority for any request for personal information, the principal purpose(s) for which the information is to be collected, and where it will be maintained. To view this information, visit our website, or, if you do not have Internet access, call and request Publication 54, *Privacy Notification*. See *Need help?* for the Web address and telephone number.

EXHIBIT E

**FORMS OF ANNUAL
EMPLOYMENT REPORT**

NASSAU IDA JOB CONFIRMATION FORM 2021

1. Sales Tax Abatement Information

Did your company receive Sales Tax Abatement on your Project during 2021?

Yes__ No__

If so, please provide the amount of sales and use tax exemptions. This would be Actual tax savings; NOT total purchases.

\$ _____

(A copy of the ST-340 sales tax report submitted to New York State for the 2021 reporting period is required to be attached with this report)

2. Mortgage Recording Tax Information

a) Did your company receive Mortgage Tax Abatement on your Project during 2021?

Yes__ No__

(Note: this would only be applicable to the year that a mortgage was placed upon the Project, so if you did not close in 2021, the answer should be NO)

b) Amount of the mortgage recording tax that was abated during 2021:

\$ _____

3. Job Information

(NOTE: All job information required herein shall include the employees, independent contractors and employees of independent contractors of all owners, occupants and operators of the Project Facility. Such information of owners, occupants and operators other than the Applicant shall also be separately provided in a certified statement with supporting documentation from each such owner, occupant and operator.)

a) Total number (as of December 31st 2021) of full time equivalent ("FTE") jobs (including both retained and newly created jobs) at the Project Facility by job category, the average salary or range of salaries, and average fringe benefits or range of fringe benefits for each:

Category	FTE	Average Salary	Avg. Fringe Benefits
-----------------	------------	-----------------------	-----------------------------

		or Range of Salary	or Range of Benefits
Management	_____	_____	_____
Professional	_____	_____	_____
Administrative	_____	_____	_____
Production	_____	_____	_____
Supervisor	_____	_____	_____
Laborer	_____	_____	_____
Independent Contractor ²	_____	_____	_____
Other	_____	_____	_____
TOTAL	<input type="text"/>		

b) Number of the foregoing jobs that were (as of 12/31/21) filled by residents of the Local Market Area (i.e., Nassau and Suffolk Counties): _____

c) **Please attach (1) the 2021 fourth quarter form NYS-45 ATT, along with the NYS 45 summary report filed with New York State Employment Taxation Department indicating number of employees, and (2) the Undersigned's annual payroll report for year ending 12/31/21.**

d) Number of FTE construction jobs during 2021: _____

e) Average Salary of construction jobs during 2021: _____

f) Number of FTE jobs created at the Project Facility during the fiscal year by job category the average salary or range of salaries, and average fringe benefits or range of fringe benefits for each:

Category	FTE	Average Salary or Range of Salary	Avg. Fringe Benefits or Range of Benefits
Management	_____	_____	_____
Professional	_____	_____	_____
Administrative	_____	_____	_____
Production	_____	_____	_____
Supervisor	_____	_____	_____
Laborer	_____	_____	_____
Independent Contractor ³	_____	_____	_____
Other	_____	_____	_____
Total	<input type="text"/>		

g) Are the foregoing salary and fringe benefits figures consistent with the figures provided by the company in its application for financial assistance? Yes ___ No ___

² As used in this form, this category includes employees of independent contractors.

³ As used in this form, this category includes employees of independent contractors.

- h) Number of the foregoing jobs that were (as of 12/31/21) filled by residents of the Local Market Area (i.e., Nassau and Suffolk Counties): _____
- i) Number of the foregoing jobs that were as of 12/31/21 filled by Community Services Division applicants: _____
- j) Number of the foregoing jobs that were as of 12/31/21 filled by Job Training Partnership Act eligible persons: _____
- k) Total Annual Payroll for 2021: \$ _____

4. WBME Covenant:

- a) Did you make best effort to use W/MBE vendors or construction workers? _____
- b) Indicate any qualified women-owned and/or minority-owned business enterprises that were used for contracts in 2021 _____

5. Project Investment Information

- a). Project Investment for 2021: \$ _____
(attach evidence such as receipts, contracts, invoices etc.)

The undersigned acknowledges that the average salaries or range of salaries and the average benefits or range of benefits for both retained and created jobs set forth in the Application are still accurate.

The undersigned acknowledges that the submission of any knowingly false or knowingly misleading information herein may lead to the immediate termination of the financial assistance and/or the recapture of an amount equal to all or part of any tax exemption claimed by reason of the Agency’s involvement in the project.

The undersigned hereby confirms that (i) no default under the Transaction Documents has occurred and is continuing, and (ii) no leases, subleases or other arrangements permitting the use or occupancy of the Project Facility are in effect, except those expressly authorized in writing by the Agency.

The undersigned hereby represents and warrants that, to the best of his/her knowledge, the information contained herein is true, accurate and complete.

Signed: _____	Company Name: _____
Name: _____	Address: _____
Title: _____	Phone: _____
	Fax: _____
Date: _____	Email: _____

Acknowledgment to be completed by a Notary Public:

State of _____

County of _____

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

NOTARY PUBLIC (Please sign and affix stamp)

RETURN TO:

**NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY
1 WEST STREET- 4TH FLOOR
MINEOLA, NY 11501
ATTN: ADMINISTRATIVE DIRECTOR
*NO LATER THAN FEBRUARY 10, 2022***