

NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

APPLICATION FOR FINANCIAL ASSISTANCE
(Straight Lease)

APPLICATION OF:

JQ III Associates, LLC

APPLICANT NAME

Please respond to all questions in this Application for Financial Assistance (the "Application") by, as appropriate:

- filling in blanks;
- checking the applicable term(s);
- attaching additional text (with notation in Application such as "see Schedule H, Item # 1", etc.); or
- writing "N.A.", signifying "not applicable".

All attachments responsive to questions found in this Application should be clearly labeled and attached as Schedule H to the Application. If an estimate is given, enter "EST" after the figure. One signed original and 9 copies of the Application (including all attachments) must be submitted.

The following amounts are payable to the Nassau County Industrial Development Agency (the "Agency") at the time this Application is submitted to the Agency: (i) a \$1,000 non-refundable application fee (the "Application Fee"); (ii) a \$3,500 expense deposit for the Agency's Transaction Counsel fees and expenses (the "Counsel Fee Deposit"), (iii) a \$2,500 expense deposit for the cost/benefit analysis with respect to the project contemplated by this Application (the "Cost/Benefit Deposit"), and (iv) a \$500 expense deposit for the real property tax valuation analysis, if applicable, with respect to the project contemplated by this Application (the "Valuation Deposit"). The Application Fee will not be credited against any other fees or expenses which are or become payable to the Agency in connection with this Application or the project contemplated herein (the "Project"). In the event that the subject transaction does not close for any reason, the Agency may use all or any part of the Counsel Fee Deposit, the Cost/Benefit Deposit and/or the Valuation Deposit to defray the cost of Transaction Counsel fees and expenses, the cost of obtaining a cost/benefit analysis and/or the cost of obtaining a real property tax valuation with respect to the Project. In the event that the subject transaction does close, the Counsel Fee Deposit, the Cost/Benefit Deposit and the Valuation Deposit shall be credited against the applicable expenses incurred by the Agency with respect to the Project.

Every signature page comprising part of this Application must be signed by the Applicant or this Application will not be considered complete or accepted for consideration by the Agency.

The Agency's acceptance of this Application for consideration does not constitute a commitment on the part of the Agency to undertake the proposed Project, to grant any Financial Assistance with respect to the proposed Project or to enter into any negotiations with respect to the proposed Project.

Information provided herein may be subject to disclosure under the New York Freedom of Information Law (New York Public Officers Law § 84 et seq.) ("FOIL"). If the Applicant believes that a portion of the material submitted with this Application is protected from disclosure under FOIL, the Applicant should mark the applicable section(s) or page(s) as "confidential" and state the applicable exception to disclosure under FOIL.

February 10, 2015

DATE

PART I. APPLICANT

A. APPLICANT FOR FINANCIAL ASSISTANCE (If more than one applicant, copy application and complete for each applicant):

Name: JQ III Associates, LLC

Address: 100 Jericho Quadrangle, Jericho, New York 11753

Primary Contact: Harold Rechler

Phone: 516-931-5300 Fax: 516-931-5885

E-Mail: hrechler@were.com

NY State Dept. of Labor Reg #: _____ Federal Employer ID #: _____

NAICS Code #: 53112-Lessor of Non- Residential Buildings

B. BUSINESS TYPE (Check applicable status. Complete blanks as necessary):

Sole Proprietorship General Partnership Limited Partnership

Limited Liability Company Privately Held Corporation

Publicly Held Corporation Exchange listed on _____

Not-for-Profit Corporation

Income taxed as: Subchapter S Subchapter C
501(c)(3) Corporation Partnership

State and Year of Incorporation/Organization: New York, 2000

Qualified to do Business in New York: Yes No N/A

C. ANY ENTITY PROPOSED TO BE A USER OF THE PROJECT:

Name: Publishers Clearing House LLC ("Publishers") and other office tenants to be identified.

Relationship to Applicant: Landlord/ Tenant

D. APPLICANT COUNSEL (subject to Agency approval):

Firm name: Rivkin Radler, LLP
Address: 926 RXR Plaza, Uniondale, New York 11556-0926
Primary Contact: William Cornachio
Phone: 516-357-3111
Fax: 516-357-3333
E-Mail: william.cornachio@rivkin.com

E. Principal stockholders, members or partners, if any (i.e., owners of 10% or more of equity/voting rights in Applicant):

Name	Percentage owned
<u>Rechler Family Associates, LLC</u>	<u> — -</u>
<u>Wexler Family Associates, LP</u>	<u> </u>

F. If any of the persons described in the response to the preceding Question, or a group of said persons, owns more than a 50% interest in the Applicant, list all other entities which are related to the Applicant by virtue of such persons having more than a 50% interest in such entities:

Not Applicable

G. Is the Applicant related to any other entity by reason of more than 50% common ownership? If YES, indicate name of related entity and relationship:

YES X NO

Applicant holds common ownership with a group of real estate holding companies. These companies are the owners of several office buildings in Nassau and Suffolk Counties, and are commonly referred to as The We're Group.

H. List parent corporation, sister corporations and subsidiaries, if any:

See response to item G above

I. Is the Applicant (including any parent company, subsidiary or related entity or person) or any principal(s) of the Applicant or its related entities involved in any litigation or aware of any threatened litigation that would have a material adverse effect on the Applicant's financial condition or the financial condition of said principal(s)? If YES, attach details.

YES NO X

J. Has the Applicant (or any parent company, subsidiary or related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, ever been involved, as debtor, in bankruptcy, creditors rights or receivership proceedings or sought protection from creditors? If YES, attach details.

YES NO X

K. Has the Applicant (or any parent company, subsidiary or related entity or person) or any principal(s) of the Applicant or its related entities, ever been charged with or convicted of any felony or misdemeanor (other than minor traffic offenses), or have any such related persons or principal(s) held positions or ownership interests in any firm or corporation charged or convicted of a felony or misdemeanor (other than minor traffic offenses)? If YES, attach details.

YES NO X

L. Has the Applicant (or any parent company, subsidiary or related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, been cited for (or is there pending proceeding or investigation with respect to) a violation of federal, state or local laws or regulations with respect to labor practices, hazardous wastes, environmental pollution, taxation, or other operating practices? If YES, attach details.

YES NO X

M. Is the Applicant (or any parent company, subsidiary or related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, delinquent or have any of the foregoing persons or entities been delinquent on any New York State, federal or local tax obligations within the past five (5) years? If YES, attach details.

YES NO

N. Complete the following information for principals (including, in the case of corporations, officers and members of the board of directors and, in the case of limited liability company, members and managers) of the Applicant:

<u>Name</u>	<u>Title</u>	<u>Other Business Affiliations</u>
<i>G. Martin Westler</i>	<i>Manager</i>	<i>Each of the principals holds business affiliations with companies that develop and manage Class A office buildings in Nassau and Suffolk Counties.</i>
<i>Bennett Rechler</i>	<i>Manager</i>	
<i>Andrew D. Newman</i>	<i>Manager</i>	
<i>Anthony Fromer</i>	<i>Manager</i>	

Do any of the foregoing principals hold elected or appointive public positions? If YES, attach details.

YES NO

Are any of the foregoing principals employed by any federal, state or local municipality or any agency, authority, department, board, or commission thereof or any other governmental or quasi-governmental organization?

YES NO

O. Operation at existing location(s) (Complete separate Section O for each existing location):

1. (a) Location: *300 Jericho Quadrangle, Jericho, Nassau County*
 (b) Number of Employees: *Currently, Applicant has no employees at the facility because it is net leased to an affiliate of Cablevision, which in turn, has subleased space in the building to third party subtenants. Once the Cablevision lease expires, Applicant will employ, cleaning staff, maintenance staff, security, and leasing staff, the equivalent of four (4) full time and twelve (12) part time positions.*

(c) Annual Payroll, excluding benefits: *\$245,000.00*

(d) Type of operation (e.g. manufacturing, wholesale, distribution) and products or services: *Multi-Tenant Office Building*

(e) Size of existing facility real property
(i.e., acreage of land) *29.94 acres*

(f) Buildings (number and square footage of each): *One building with approximately 305,000 rentable square feet*

(g) Applicant's interest in the facility.

FREE TITLE (i.e. own) LEASE OTHER (describe below)

Free title

(h) If Applicant leases, state annual rent
and lease expiration date: *N/A*

2. If any of the facilities described above are located within the State of New York (other than in Nassau County), is it expected that any of the described facilities will be closed or be subject to reduced activity? If YES, complete the attached Anti-Raiding Questionnaire (Schedule D).

YES NO

P. Has the Applicant considered moving to another state or another location within New York State? If YES, explain circumstances.*

YES NO

**Applicant seeks to attract and retain multi-state and multi-national operations in the Facility. These potential tenants will consider locations, both inside and outside of Nassau County, but the significantly lower taxes in nearby Suffolk County and other desirable locations place the building at a competitive disadvantage.*

Q. Does any one supplier or customer account for over 50% of Applicant's annual purchases or sales, respectively? If YES, attach name and contact information for supplier and/or customer, as applicable:

YES NO

**If the Lease with Publishers is consummated, it would occupy approximately 55.5% of the rentable area of the Building.*

R. Does the Applicant (including any related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, have any contractual or other relationship with the Agency or the County of Nassau? If YES, attach details.

YES

NO

Applicant shares common ownership with We're Associates Company, which obtained benefits from the Agency in connection with the reconstruction and renovation of three office buildings in the Lake Success Quadrangle, namely 1 Dakota Drive, 3 Dakota Drive and 4 Ohio Drive.

S. A brief history of the Applicant and its business/operations follows below:

The Jericho Quadrangle is a four building office campus containing approximately 1.05 million square feet on 83 acres, located at the intersection of Jericho Turnpike and the Long Island Expressway. The first three buildings at the site were completed in the early 1980's and a fourth building was completed in 2007. No governmental assistance was provided for the initial construction, subsequent renovations and upgrades, or any construction for tenant fit outs since the inception of the project. We're Associates undertook the cost of certain public improvements, including paying for the widening of Jericho Turnpike and the installation of traffic signals.

Initial leasing at the Jericho Quadrangle was very successful. 50 and 100 Jericho Quadrangle are multi-tenanted buildings with historically high occupancy. While under construction, 200 Jericho Quadrangle was leased to Chemical Bank with an option (which it exercised) to lease 300 Jericho Quadrangle. After its acquisition of Chemical Bank, JPMorgan Chase Bank continued to occupy both buildings with employment levels reaching 2,500. The leases came up for renewal in 2000, and only after the bank announced that it was relocating the Jericho jobs primarily to Jacksonville, Florida, did the New York State Economic Development Agency approach the bank in an unsuccessful effort to keep this facility in New York. Fortunately for the We're Group at that time, Cablevision was going through a major expansion and entered into leases for both buildings.

Sometime after leasing the two buildings but before their occupancy Cablevision's job growth slowed, and instead of occupying both buildings, the company subleased space in 300 Jericho Quadrangle to third party subtenants.

The We're Group was recently able to renew Cablevision's lease at 200 Jericho Quadrangle, by giving the Company a tenant renewal allowance of approximately one year's rent and also reducing the rent for the next ten years.

However, Cablevision is not renewing its lease for 300 Jericho Quadrangle, the Project site, which terminates on September 30, 2016. As noted above, the 300 Jericho Quadrangle contains approximately 305,000 rentable square feet. Applicant has the opportunity to retain some of Cablevision's subtenants (a current list of which is attached as Schedule A, please note

request for confidential treatment), and subject to and conditioned upon receipt of benefits from the Agency, to secure Publishers as a new tenant at the Building.

Total current employment within the Project building is approximately 1,200. Many of these jobs fulfill back office functions for large national and international firms (see Schedule A). Nassau County will be competing to retain these jobs with neighboring areas surrounding New York City, and perhaps more distant and lower cost areas. Applicant's strategy is to attempt to renew as many of the Cablevision subtenants now at 300 Jericho Quadrangle Project as possible well in advance of their sublease termination dates, and to lease space to Publishers as a new tenant, which alone would employ approximately 470 workers there.

In initial lease negotiations, the existing subtenants made known their desire for substantial tenant construction allowances, and rent concessions equivalent to a month for each year of the lease term. The subtenants have also required substantial improvements to the building, including upgrades to the restrooms, elevators and the plaza and other common areas. Apart from the market demands of the subtenants, the 30 year old mechanical and electrical systems need to be upgraded and/or replaced (preliminary estimates of the cost are set forth in item A, Part III) of this Application.

By signing this Application, the Applicant authorizes the Agency to obtain credit reports and other financial background information and perform other due diligence on the Applicant and/or any other entity or individual related thereto, as the Agency may deem necessary to provide the requested financial assistance.

PART II. PROPOSED PROJECT

A. Description of proposed Project (check all that apply):

- New Construction
- Addition to Existing Facility
- Renovation of Existing Facility
- Acquisition of Facility
- New machinery and equipment
- Other (specify): See Item K. below of this Part II

B. Briefly describe the proposed Project, the reasons why the Project is necessary to the Applicant and why the Agency's financial assistance is necessary, and the effect the Project will have on the Applicant's business or operations:

As noted above, all of 300 Jericho Quadrangle is leased to CSC Holdings, LLC, an affiliate of Cablevision, which expires on September 30, 2016. Cablevision has subleased approximately 87% of the building, and it is the Applicant's business plan to significantly upgrade the building and commit to tenant space improvements in a strategy to attract Publishers to the Building and to retain as many of Cablevision's sub-tenants as possible. Applicant will also seek additional tenants to occupy the other portions of the Facility which are not rented to Publishers or existing Cablevision subtenants. Publishers and each other tenant prospect requires that the Applicant adapt the space for its use, thus making the Project necessary. Further, all potential tenants will compare the tax component of its rent between the taxing environments in Nassau County versus that in neighboring counties and states.

C. If the Applicant is unable to obtain financial assistance for the Project, what will be the impact on the Applicant and Nassau County? Would the Applicant proceed with the Project without Agency financial assistance? Describe.

Without financial assistance Applicant is unsure of its ability to undertake the Project and would certainly have to reduce its scope. The value of the buildings in the Jericho Quadrangle, and corresponding economic activity will be greatly reduced by the potential vacancies that are inevitable if the overall obsolescence of this Building and its systems are not addressed. Without the Project, the vacancy period for the Building will be lengthened considerably and the quality of the tenants that will be drawn to it will be diminished. This will affect the Building's ability to produce both tax revenue and jobs for Nassau County, the Town of Oyster Bay and the Jericho School District.

The Applicant aggressively seeks to remain competitive in the Class A office building rental market. However in its history, the Applicant and its affiliates have lost several major tenants to areas with lower costs and a more stable tax environment, where those former tenants also received benefits from their new hosting communities. Those former tenants include Chase Manhattan Bank, Citibank, N.A., and Grumman Aerospace Corp., all of whom have relocated to Florida; Olympus which has relocated to Pennsylvania; and Canon, U.S.A., Inc., recently relocated to Suffolk County.

D. Location of Project (attach map showing the location):

Street Address:

300 Jericho Quadrangle

City/Village(s):

N/A

Town(s):

Oyster Bay

School District(s):

Jericho

Section: *17* Block: *11* Lot: *30*

Census Tract Number: *38539*

Size of proposed facility real property
(i.e., acreage of land): *29.94 acres*

Square Footage of Existing Improvements: *Approximately 305,000 rentable square feet*

If exact street address is not available, please provide a survey and the most precise description available.

E. Describe the present use of the Project site:

Single tenant office building currently leased to CSC Holdings, LLC, an affiliate of Cablevision, and subleased to various subtenants, as described on Schedule A.

F. (a) What are the current real estate taxes on the Project site? (If amount of current taxes is not available, provide assessed value for each):

<i>General 2014</i>	<i>\$705,606.96</i>
<i>School: 2013-2014</i>	<i>\$1,428,331.61</i>
<i>Village:</i>	<i>\$ N/A</i>

(b) Are tax certiorari proceedings currently pending with respect to the Project real property? If YES, attach details including copies of pleadings, decisions, etc.

YES X

NO _____

G. Describe Project ownership structure (i.e., Applicant or other entity):

Applicant owns the Project in fee simple, subject to a first mortgage lien.

H. To what purpose will the building or buildings to be acquired, constructed or renovated be used by the Applicant? (Include description of goods to be sold, products to be manufactured, assembled or processed and services to be rendered.)

Applicant hopes to attract and retain "Class A" office tenants such as Publishers and the existing Cablevision subtenants to enhance the Building's character as a professional, modern, state of the art office building.

I. If any space in the Project is to be leased to or occupied by third parties, or is currently leased to or occupied by third parties who will remain as tenants, provide the names and contact information for each such tenant, indicate total square footage of the Project to be leased to each tenant, and describe proposed use by each tenant:

The entire Project will be leased to a third party or parties. In addition to Publishers which will occupy approximately 55% of the Building's rentable area, Applicant hopes to conclude leases with current sub-tenants of CSC Holdings and to attract other new tenants to the Facility. All tenants will use and occupy the Project building for professional and administrative office space.

J. Provide, to the extent available, the information requested, in Part I, Questions A, B, E and O, with respect to any party described in the preceding response.

A list of current subtenants is attached as Schedule A. As noted above, Applicant hopes to retain as many of these subtenants as possible as its direct tenants once the Cablevision lease expires.

K. List principal items or categories of equipment to be acquired as part of the Project:

Project will include the purchase of new (i) building mechanical equipment, (ii) heating, ventilation and air conditioning equipment, (iii) electrical equipment, (iv) upgrade of public restrooms and new plumbing equipment, (v) fire/safety equipment, and (vi) tenant leasehold improvements, including possibly furniture and office equipment.

L. Will Project meet zoning/land use requirements at proposed location?

YES X

NO _____

1. Describe present zoning/land use: *Town of Oyster Bay O-1*

2. Describe required zoning/land use, if different: *No change in land use.*
3. If a change in zoning/land use is required, please provide details/status of any request for change of zoning/land use requirements:

No change in use or zoning.

- M. Does the Applicant, or any related entity or person, currently hold a lease or license on the Project site? If YES, please provide details and a copy of the lease/license.

YES ___ NO X

- N. Does the Applicant, or any related entity or person, currently hold fee title to (i.e. own) the Project site?

YES X NO ___

If YES, indicate:

(a) Date of purchase: *Applicant acquired the land in October 1978, and Applicant completed the Building in 1983*

(b) Purchase price: *Applicant paid approximately \$2,600,000 for land and \$13,200.00 to construct the building*

(c) Balance of existing mortgage, if any: *As of October 1, 2014.*

(d) Name of mortgage holder: *The Guardian Life Insurance Company of America*

(e) Special conditions: *N/A*

If NO, indicate name of present owner of Project site: _____

- O. Does the Applicant or any related person or entity have an option or a contract to purchase the Project site and/or any buildings on the Project site?

YES ___ NO X

If YES, attach copy of contract or option and indicate:

(a) Date signed: _____

(b) Purchase price: \$ _____

(c) Closing date: _____

Is there a relationship legally or by virtue of common control or ownership between the Applicant (and/or its principals) and the seller of the Project (and/or its principals)?
If YES, describe: *Not Applicable*

YES ___ NO ___

P. Will customers personally visit the Project site for either of the following economic activities? If YES with respect to either economic activity indicated below, complete the attached Retail Questionnaire (Schedule E).

Sales of Goods: YES ___ NO X Sales of Services: YES ___ NO X

Q. Describe the social and economic conditions in the community where the Project site is or will be located and the impact of the proposed Project on the community (including impact on infrastructure, transportation, fire and police and other government-provided services).

Jericho High School is rated number 13 in New York and 71 in the Nation by U.S. News and World Report, the Jericho Union Free School District has a 2014- 2015 budget of \$119,572,384, approximately \$38,000 per student. The community is served by the Jericho volunteer fire district and the Nassau County Police Department. Applicant expects that the Project will have a positive impact on the community and local infrastructure. Electric improvements ease peak demands on LIPA. Also, upgrades to the building's façade and grounds will have a positive visual impact on the community.

R. Identify the following Project parties (if applicable):

Architect: *We're Associates, Inc.*
Engineer: *We're Associates, Inc.*
Contractors: *We're Associates, Inc.*

S. Will the Project be designed and constructed to comply with Green Building Standards? (if YES, describe the LEED green building rating that will be achieved)

YES ___ NO X

Applicant will not seek LEED certification, but does expect the 300 Jericho Quadrangle building to become substantially more energy efficient as a result of the Project.

T. Is the proposed Project site located on a Brownfield? (if YES, provide description of contamination and proposed remediation)

YES ___ NO X

U. Will the proposed Project produce a unique service or product or provide a service that is not otherwise available in the community in which the proposed Project site is located?

YES X NO

Once renovated, the 300 Jericho Quadrangle building will provide a favorable environment to attract and retain prominent employers to the Project site and help retain good jobs in the community. The property is well situated between two major highways and the area enjoys a good reputation as a major, Long Island business center.

PART III. PROJECT COSTS

A. Provide an estimate of cost of all items listed below:

	<u>Item</u>	<u>Cost</u>
1.	Land Acquisition	\$ <u> N/A </u>
2.	Building Acquisition	\$ <u> N/A </u>
3.	Construction or Renovation (Public Spaces)	\$ <u> 6,965,000 </u>
4.	Site Work	\$ <u> 0 </u>
5.	Construction or Renovation (Tenant Spaces)	\$ <u> 11,600,000 </u>
6.	Engineering Fees (4%)	\$ <u> 742,600 </u>
7.	Architectural Fees (4%)	\$ <u> 742,600 </u>
8.	Applicant's Legal Fees	\$ <u> 150,000 </u>
9.	Financial Fees (incl. lender legal fees)	\$ <u> 61,000 </u>
10.	Other Professional Fees	\$ <u> N/A </u>
11.	Furniture, Equipment & Machinery (not included in 3. above)	\$ <u> 7,250,000 </u>
12.	Other Soft Costs (general contractor fees)	\$ <u> \$412,668 </u>
13.	Other	\$ <u> N/A </u>
	Total	\$ <u> \$27,923,868 </u>

B. Source of Funds for Project Costs:

a.	Bank Financing:	\$ <u> 10,000,000 </u>
b.	Equity	\$ <u> 11,015,200 </u>
c.	Tenant Contribution	\$ <u> \$6,908,668 </u>
	TOTAL	\$ <u> \$27,923,868 </u>

C. Have any of the above costs been paid or incurred (including contracts of sale or purchase orders) as of the date of this application? If YES, describe particulars on a separate sheet.

YES NO X

- D. Has the Applicant made any arrangement for the provision of third party financing? If YES, indicate with whom (subject to Agency approval) and provide a copy of any term sheet or commitment letter issued with respect to such financing.

YES NO X

- E. Construction Cost Breakdown:

Total Cost of Construction: \$ 25,815,000 (sum of 3, 5 and 11 in Question A above)

Cost for materials: \$ 12,907,500

% Sourced in County: 50%

% Sourced in State: 80% (incl. County)

Cost for labor: \$ 12,907,500

% Sourced in County: 50%

% Sourced in State: 80% (incl. County)

Cost for "other": \$ 2,108,868

% Sourced in County: 50%

% Sourced in State: 80% (incl. County)

*The foregoing is estimated, as the Project has not yet been bid.

PART IV. COST/BENEFIT ANALYSIS

- A. If the Applicant presently operates in Nassau County, provide the current annual payroll, excluding benefits. Estimate payroll, excluding benefits, in First Year, Second Year and Third Year after completion of the Project.

	<u>Present</u>	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>
Full-time:	\$183,368.00	\$194,535.11	\$200,371.16	\$206,382.30
Part-time:	\$56,500.00	\$59,940.85	\$61,739.08	\$63,591.25
Total Annual Payroll:	\$239,868.00	\$254,475.96	\$262,110.24	\$269,973.55

**The foregoing is an allocation of additional labor that Applicant intends to employ as a result of the Project. Applicant's affiliated management company, We're Associates, Inc., is headquartered in Jericho, Nassau County. It has 41 full time employees, employs an additional six full time equivalents and has a payroll of \$2,660,000.*

What are the average wages of employees (excluding benefits) presently employed by the Applicant in Nassau County? *Approximately \$50,000*

What is the average annual value of employee benefits paid per job, if any, for the employees presently employed by the Applicant in Nassau County? *Approximately \$16,000*

What are the estimated average wages of the jobs (excluding benefits) to be created by the Applicant upon completion of the Project? *See above.*

What is the estimated average annual value of employee benefits per job, if any, for jobs to be created upon completion of the Project? *\$16,000.00*

Estimate the percentage of jobs to be created by the Applicant upon completion of the Project that will be filled by County residents: *All will be filled by residents of Nassau or Suffolk Counties.*

Please note that the Agency may utilize the foregoing employment projections and the projections set forth in Schedule C, among other things, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to retain the number of jobs, types of occupations and amount of payroll with respect to the Project set forth in this Application.

- B. (i) Will the Applicant transfer current employees from existing location(s)? IF YES, describe, please describe the number of current employees to be transferred and the location from which such employees would be transferred:

YES NO

- (ii) Describe the number of estimated full time equivalent construction jobs to be created as a result of undertaking the project, to the extent any:

There will be approximately 55 full time equivalent construction jobs for workers of varying skills and trades during construction and redevelopment of the 300 Jericho Quadrangle Project over the course of approximately three years as the building is rented up. Applicant estimates that there are 1,200 permanent positions which can be retained at or attracted to the Project site, of which approximately 470 will be employees of Publishers.

- C. What, if any, is the anticipated increase in the dollar amount of production, sales or services rendered as a result of the Project?

A list of current subtenants at the Project site is attached, and Applicant hopes to retain as many of them as possible, as well as attracting first class business enterprises which engage employees at higher levels of compensation than those occupying less attractive office space.

Applicant currently has no permanent employment positions at the Project site, but expects to have four (5) full time and seven (7) part time equivalent employees there once the project is completed. This is exclusive of workers that are brought to the site to service tenant needs by third party contractors to Applicant. These third party supplied workers have a variety

of skill levels, including skilled and trained technicians who operate, maintain and repair the sophisticated and specialized equipment necessary to provide a first class office environment. Overall job growth and economic production is expected to increase as a result of this redevelopment Project, but it is not possible to estimate it with certainty at this time.

What percentage of the foregoing amount is subject to New York sales and use tax?

Office leasing is not generally subject to sales tax. However, once completed, business activity generated at the building is expected to be a significant source of sales tax revenue as a result of the goods and services purchased by its occupants.

Describe any other municipal revenues that will result from the Project (excluding the above and any PILOT payments):

As indicated above, increased economic activity at the site will enhance tax revenue. In addition, there will be significant permitting and inspection fees.

D. What is the estimated aggregate annual amount of goods and services to be purchased by the Applicant for each year after completion of the Project and what portion will be sourced from businesses located in the County and the State (including the County)?

	<u>Amount</u>	<u>% Sourced in County</u>	<u>% Sourced in State</u>
Year 1	\$4,600,000	50%	80%
Year 2	\$4,738,000	50%	80%
Year 3	\$4,880,000	50%	80%

E. Describe, if applicable, other benefits to the County anticipated as a result of the Project, including a projected annual estimate of additional sales tax revenue generated, directly and indirectly, as a result of undertaking the project:

See Item C of this Part IV

F. Costs to the County and affected municipalities:

Estimated Value of Sales Tax Exemption: \$ 1,425,900 (assumes one-half of items 7 and 5 and all of item 11 in Part III A are subject to sales tax.)

Estimated Value of Mortgage Tax Exemption: \$ 105,000

Estimated Property Tax Exemption: \$ [to be determined] **

Existing Property Tax paid on the Land and/or Building: (please provide current tax bills) \$2,158,859.42
(School \$1,442,615.11; Town \$716,244.31)

Estimated new Real Property Tax Revenue if

the Project did **not** receive Real Property Tax exemption:

\$ _____ [to be determined] **

Estimated new Real Property Tax Revenue if the Project does receive Real Property Tax exemption:

\$ _____ [to be determined] **

**Capital improvements such as materials used for the Project and building equipment are generally not subject to sales tax. Tenant improvements may be subject to sales tax, but it is not possible to estimate at this time. This response is limited to those items which would not be treated as capital improvements.*

***Real estate tax certiorari proceedings are pending, with the expectation that they will be resolved by stipulation in the near future. As a result, it is not possible to provide these estimates at this time.*

G. Describe any other one-time municipal revenues (not including fees payable to the Agency) that the Project will create:

Construction and other workers employed at the Project will promote economic activity that will generate sales tax.

PART V. PROJECT CONSTRUCTION SCHEDULE

A. Has construction work on the Project begun? If YES, indicate the percentage of completion:

1.	(a) Site clearance	N/A	YES ___	NO ___	___% complete
	(b) Environmental Remediation	N/A	YES ___	NO ___	___% complete
	(c) Foundation	N/A	YES ___	NO ___	___% complete
	(d) Footings	N/A	YES ___	NO ___	___% complete
	(e) Steel		YES ___	NO <u>X</u>	___% complete
	(f) Masonry		YES ___	NO <u>X</u>	___% complete
	(g) Interior		YES ___	NO <u>X</u>	___% complete
	(h) Other (describe below): Electrical, mechanical, and plumbing		YES ___	NO <u>X</u>	___% complete

2. If NO to all of the above categories, what is the proposed date of commencement of construction, renovation or acquisition of the Project?

As discussed above, the lease for the entire building to Cablevision's affiliate expires on October 1, 2016. In addition to Applicant's proposed lease with Publishers (which is subject to and conditioned upon Applicant and Publishers obtaining benefits from the Agency), Applicant is hopeful to enter into new leases with Cablevision's subtenants and other new tenants before that date, and in that case, construction and renovation will begin no later than October, 2016.

- B. Provide an estimate of time schedule to complete the Project and when the first use of the Project is expected to occur (attach additional sheet if necessary):

Applicant anticipates a three month construction period for tenant improvements to spaces that are currently occupied by Cablevision's subtenants and a similar period to complete the renovation and construction of the space which Publishers will occupy. Market forces will dictate the lease up period for the remainder of the building. Once leased, the tenant improvements for those spaces are expected to take three to six months to construct. Base building improvements are expected to be completed within one year after the expiration of Cablevision's lease.

PART VI. ENVIRONMENTAL IMPACT

- A. What is the expected environmental impact of the Project? (Complete the attached Environmental Assessment Form (Schedule G)).

More efficient lighting, HVAC and other energy saving measures will have a positive environmental impact by reducing the Facility's energy consumption.

- B. Is an environmental impact statement required by Article 8 of the N.Y. Environmental Conservation Law (i.e., the New York State Environmental Quality Review Act)?

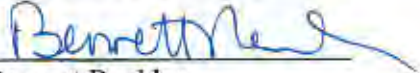
YES

NO

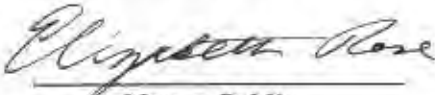
- C. Please be advised that the Agency may require at the sole cost and expense of the Applicant the preparation and delivery to the Agency of an environmental report in form and scope satisfactory to the Agency, depending on the responses set forth in the Environmental Assessment Form. If an environmental report has been or is being prepared in connection with the Project, please provide a copy.

- D. The Applicant authorizes the Agency to make inquiry of the United States Environmental Protection Agency, the New York State Department of Environmental Conservation or any other appropriate federal, state or local governmental agency or authority as to whether the Project site or any property adjacent to or within the immediate vicinity of the Project site is or has been identified as a site at which hazardous substances are being or have been used, stored, treated, generated, transported, processed, handled, produced, released or disposed of. The Applicant will be required to secure the written consent of the owner of the Project site to such inquiries (if the Applicant is not the owner), upon request of the Agency.

THE UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of
Applicant: JQ III Associates, LLC
Signature: 
Name: Bennett Rechler
Title: Manager
Date: February 10, 2015

Sworn to before me this 9th
day of February, 2015


Notary Public

ELIZABETH ROSE
Notary Public, State of New York
No. 01RO4896702
Qualified in Nassau County
Commission Expires July 3, 2015

**RULES AND REGULATIONS OF THE NASSAU COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

The Nassau County Industrial Development Agency (the "Agency"), in order to better secure the integrity of the projects it sponsors, declares that it is in the public interest (i) to ensure the continuity of such projects and the jobs created by such projects, (ii) to prevent the conversion of the use of the premises upon which a sponsored project is to be constructed or renovated and (iii) to limit and prevent unreasonable profiteering or exploitation of a project, and does hereby find, declare and determine as follows:

FIRST:

Upon the approval of a sponsored project, the Agency shall take title to, or acquire a leasehold or other interest in, all premises upon which an Agency sponsored project is to be constructed or renovated, and shall lease, sublease, license, sell or otherwise transfer the premises to the Applicant for a term to be determined by the Agency.

At such time as, among other things, the Applicant fails to retain or create the jobs as represented in the Application or changes the use of the project or ownership of the project or the Applicant during the life of the project in a manner inconsistent with the Application, and such employment default or change of use or ownership does not meet with the prior written approval of the Agency, a recapture of benefits may be required to be paid by the Applicant to the Agency. The amount and sufficiency (with respect to a particular applicant) of the applicable recapture of benefits payment shall be determined by the Agency and shall be set forth in the straight lease documents.

SECOND:

At such time as a proposed Project is reviewed, the members of the Agency must disclose any blood, marital or business relationships they or members of their families have or have had with the Applicant (or its affiliates). The Applicant represents that no member, manager, principal, officer or director of the Applicant has any such relationship with any member of the Agency (or any member of the family of any member of the Agency).

THIRD:

All applicants must disclose whether they have been appointed, elected or employed by New York State, any political division of New York State or any other governmental agency.

FOURTH:

All proposed lenders, title companies and their respective attorneys must be satisfactory to and approved in writing by the Agency.

Understood and Agreed to:

Name of

Applicant: JQ III Associates, LLC

By: 

Name: Bennett Rechler

Title: Manager

Date: February 10, 2015

**CERTIFICATION AND AGREEMENT
WITH RESPECT TO FEES AND COSTS**

The undersigned deposes and says: that I am an authorized representative of the Applicant named in the attached application for financial assistance ("Application") and that I hold the office specified below my signature at the end of this Certification and Agreement, that I am authorized and empowered to deliver this Certification and Agreement and the Application for and on behalf of the Applicant, that I am familiar with the contents of said Application (including all schedules and attachments thereto), and that said contents are true, correct and complete to my knowledge. Capitalized terms used but not otherwise defined in this Certification and Agreement shall have the meanings assigned to such terms in the Application.

The grounds of my belief relative to all matters in the Application that are not based upon my own personal knowledge are based upon investigations I have made or have caused to be made concerning the subject matter of this Application, as well as upon information acquired in the course of my duties and from the books and records of the Applicant.

As an authorized representative of the Applicant, I acknowledge and agree on behalf of the Applicant that the Applicant hereby releases the Nassau County Industrial Development Agency, its members, officers, servants, attorneys, agents and employees (collectively, the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend (with counsel selected by the Agency) and hold the Agency harmless from and against any and all liability, damages, causes of actions, losses, costs or expenses incurred by the Agency in connection with (A) examination and processing of, and action pursuant to or upon, the Application, regardless of whether or not the Application or the financial assistance requested therein are favorably acted upon by the Agency, (B) the acquisition, construction and/or installation of the Project by the Agency, and (C) any further action taken by the Agency with respect to the Project; including, without limiting the generality of the foregoing, (i) all fees and expenses of the Agency's general counsel, transaction counsel, economic development consultant, real property tax valuation consultant and other experts and consultants (if deemed necessary or advisable by the Agency), and (ii) all other expenses incurred by the Agency in defending any suits, actions or proceedings that may arise as a result of any of the foregoing. If, for any reason whatsoever, the Applicant fails to conclude or consummate necessary negotiations or fails within a reasonable or specified period of time to take reasonable, proper or requested action or withdraws, abandons, cancels, or neglects the Application or is unable to secure third party financing or otherwise fails to conclude the Project, then upon presentation of an invoice by the Agency, its agents, attorneys or assigns, the Applicant shall pay to the Agency, its agents, attorneys or assigns, as the case may be, all fees and expenses reflected in any such invoice.

As an authorized representative of the Applicant, I acknowledge and agree on behalf of the Applicant that each of the Agency's general counsel, transaction counsel, economic development consultant, real property tax valuation consultant and other experts and consultants is an intended third-party beneficiary of this Certification and Agreement, and that each of them may (but shall not be obligated to) enforce the provisions of the immediately preceding paragraph, whether by lawsuit or otherwise, to collect the fees and expenses of such party or person incurred by the Agency (whether or not first paid by the Agency) with respect to the Application.

Upon successful closing of the "straight lease" transaction, the Applicant shall pay to the Agency an administrative fee set by the Agency (which amount is payable at closing) in accordance with the following schedule:

- (A) Six-tenths (6/10) of one percent (1%) for the first twenty million dollars (\$20,000,000) of total project costs and, if applicable, two-tenths (2/10) of one percent (1%) for any additional amounts in excess of twenty million dollars (\$20,000,000) of total project costs.

- (B) General Counsel Fee – One-tenth (1/10) of one percent (1%) of total project costs, with a minimum fee of \$2,000.
- (C) Two Thousand Five Hundred Dollars (\$2,500) closing compliance fee payable at closing and One Thousand Dollars (\$1,000) per year (or part thereof) administrative fee, payable in advance, at the closing for the first year (or part thereof) and on January 1st of each year for the term of the financing. The annual service fee is subject to periodic review and may be adjusted from time to time in the discretion of the Agency.
- (D) Refinancings – The Agency fee shall be determined on a case-by-case basis.
- (E) Assumptions – The Agency fee shall be determined on a case-by-case basis.
- (F) Modifications – The Agency fee shall be determined on a case-by-case basis.

Transaction counsel fees and expenses are payable at closing and are based on the work performed in connection with the Project.

Upon the termination of the Project, Applicant agrees to pay all costs in connection with any conveyance by the Agency to the Applicant of the Agency's interest in the Project and the termination of all related Project documents, including the fees and expenses of the Agency's general counsel, transaction counsel, and all applicable recording, filing or other related fees, taxes and charges.

JQ III Associates, LLC

By: 
Name: Bennett Rechler
Title: Manager

Sworn to before me this 9th
day of February, 2015


Notary Public

ELIZABETH ROSE
Notary Public, State of New York
No. 01RO4898702
Qualified in Nassau County
Commission Expires July 3, 2015

TABLE OF SCHEDULES

Schedule	Title	Complete as Indicated Below
A.	[Intentionally omitted]	
B.	New York State Financial and Employment Requirements for Industrial Development Agencies	All applicants
C.	Guidelines for Access to Employment Opportunities	All applicants
D.	Anti-Raiding Questionnaire	If Applicant checked "YES" in Part I, Question Q.2. of Application
E.	Retail Questionnaire	If Applicant checked "YES" in Part II, Question P of Application (See Page 11)
F.	Applicant's Financial Attachments, consisting of: <ol style="list-style-type: none"> 1. Applicant's audited financial statements for the last two fiscal years (unless included in Applicant's annual reports). 2. Applicant's annual reports (or Form 10-K's) for the two most recent fiscal years. 3. Applicant's quarterly reports (Form 10-Q's) and current reports (Form 8-K's) since the most recent Annual Report, if any. 4. In addition, attach the financial information described above in items F1, F2, and F3 of any anticipated Guarantor of the proposed transaction, if different than the Applicant, including the personal financial statement of any anticipated Guarantor that is a natural person. 5. Dun & Bradstreet report. 	All applicants - Confidential
G.	Environmental Assessment Form	All applicants
H.	Other Attachments	List of Subtenants - Confidential

Schedule A

[Intentionally omitted]

**NEW YORK STATE FINANCIAL AND EMPLOYMENT REPORTING
REQUIREMENTS FOR INDUSTRIAL DEVELOPMENT AGENCIES**

- A. Pursuant to applicable law, the Agency requires the completion of an Initial Employment Plan (see Schedule C) and a year-end employment plan status report, both of which shall be filed by the Nassau County Industrial Development Agency (the "Agency") with the New York State Department of Economic Development on January 15. The Project documents will require the Applicant to provide such report to the Agency on or before January 1 of each year, together with such employment verification information as the Agency may require.

Except as otherwise provided by collective bargaining agreements, the Applicant agrees to list any new employment opportunities with the New York Department of Labor Community Services Division and the administrative entity of the service delivery area created by the Federal Job Training Partnership Act (P.L. 97-300), or any successor statute thereto (the "JTPA Entities"). In addition, except as otherwise provided by collective bargaining agreements, the Applicant, where practicable, will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for such new employment opportunities.


- B. The Applicant will be required to file annually a statement with the New York State Department of Taxation and Finance and the Agency of the value of all sales or use tax exemptions claimed in connection with the Project by reason of the involvement of the Agency.
- C. Please be advised that the New York State Industrial Development Agency Act imposes additional annual reporting requirements on the Agency, and the Applicant will be required to furnish information in connection with such reporting, as follows:

The following information must be provided for straight-lease transactions entered into or terminated during the year:

Name, address and owner of the project; total amount of tax exemptions granted (broken out by state and local sales tax, property taxes, and mortgage recording tax); payments in lieu of taxes made; total real estate taxes on the Project prior to exemption; number of jobs created and retained, and other economic benefits realized.

Failure to provide any of the aforesaid information will be constitute a DEFAULT under the Project documents to be entered into by the Agency and the Applicant in connection with the proposed Project.

Please sign below to indicate that the Applicant has read and understood the above and agrees to provide the described information on a timely basis.

Name of Applicant:	<u>IQ III Associates, LLC</u>
Signature:	
Name:	<u>Bennett Rechler</u>
Title:	<u>Manager</u>
Date:	<u>February 10, 2015</u>

GUIDELINES FOR ACCESS TO EMPLOYMENT OPPORTUNITIES

INITIAL EMPLOYMENT PLAN

Prior to the granting of financial assistance, the Applicant shall complete the following employment plan:

Applicant Name: JQ III Associates, LLC
 Address: 100 Jericho Quadrangle, Jericho, New York 11753
 Type of Business: Real Estate Holding Company
 Contact Person: Harold Rebliler Tel. No.: 516-931-5300

Please complete the following table describing the Applicant's projected employment plan following receipt of financial assistance:

Current and Planned Occupations (provide NAICS Code for each)	Current Number Full Time Equivalent Jobs Per Occupation		Estimated Number of Full Time Equivalent Jobs in the County After Completion of the Project:		
	County	Statewide	1 year	2 years	3 years
<u>531312</u>	<u>41</u>	<u> </u>	<u>41</u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Please indicate the number of temporary construction jobs anticipated to be created in connection with the acquisition, construction and/or renovation of the Project: *See Item B(ii) of Part IV*

55 full time equivalent.

[Note: There will be approximately 55 full time equivalent construction jobs for workers of varying skills and trades during construction and redevelopment of the 300 Jericho Quadrangle Project over the course of approximately three years as the building is rented up. Applicant estimates that there are 1,200 permanent positions which can be retained at or attracted to the Project site.]

Please indicate the estimated hiring dates for the new jobs shown above and any special recruitment or training that will be required:

Contractors will be hired once construction and renovation begins. See item A.2. of Part V.

Are the Applicant's employees currently covered by a collective bargaining agreement?

YES


NO

IF YES, Union Name and Local: _____

Please note that the Agency may utilize the foregoing employment projections, among other things, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to retain the above number of jobs, types of occupations and amount of payroll with respect to the proposed project.

Attached hereto is a true, correct and complete copy of the Applicant's most recent Quarterly Combined Withholding, Wage Reporting, and Unemployment Insurance Return (Form NYS-45-MN) (first page only). Upon request of the Agency, the Applicant shall provide such other or additional information or documentation as the Agency may require with respect to the Applicant's current employment levels in the State of New York.

The UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of Applicant:	<u>JQ III Associates, LLC</u>
Signature:	<u></u>
Name:	<u>Bennett Rechler</u>
Title:	<u>Manager</u>
Date:	<u>February 10, 2015</u>

ANTI-RAIDING QUESTIONNAIRE

(To be completed by Applicant if Applicant checked "YES" in Part I, Question O.2 of the Application for Financial Assistance) Not Applicable

- A. Will the completion of the Project result in the removal of a plant or facility of Applicant, or of a proposed occupant of the Project, from an area in New York State (but outside of Nassau County) to an area within Nassau County?

YES _____ NO _____

If the answer to Question A is YES, please provide the following information:

Address of the to-be-removed plant or facility: _____

Names of all current occupants of the to-be-removed plant or facility: _____

- B. Will the completion of the Project result in the abandonment of one or more plants or facilities of the Applicant, or of a proposed occupant of the Project, located in an area of the State of New York other than in Nassau County?

YES _____ NO _____

If the answer to Question B is YES, please provide the following information:

Addresses of the to-be-abandoned plants or facilities: _____

Names of all current occupants of the to-be-abandoned plants or facilities: _____

- C. Has the Applicant contacted the local industrial development agency at which its current plants or facilities in New York State are located with respect to the Applicant's intention to move or abandon such plants or facilities?

YES _____ NO _____

If the answer to Question C is YES, please provide details in a separate attachment.

IF THE ANSWER TO EITHER QUESTION A OR B IS "YES", ANSWER QUESTIONS D AND E.

D. Is the Project reasonably necessary to preserve the competitive position of the Applicant, or of a proposed occupant of the Project, in its industry?

YES _____

NO _____

E. Is the Project reasonably necessary to discourage the Applicant, or a proposed occupant of the Project, from removing such plant or facility to a location outside of the State of New York?

YES _____

NO _____

IF THE ANSWER TO EITHER QUESTION D OR E IS "YES", PLEASE PROVIDE DETAILS IN A SEPARATE ATTACHMENT.

THE UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of Applicant: _____

Signature: _____

Name: _____

Title: _____

Date: _____

RETAIL QUESTIONNAIRE

(To be completed by Applicant if Applicant checked either "YES" in Part II, Question P of the Application for Financial Assistance) Not Applicable

A. Will any portion of the Project (including that portion of the cost to be financed from equity or other sources) consist of facilities or property that are or will be primarily used in making retail sales to customers who personally visit the Project?

YES _____ NO _____

For purposes of Question A, the term "retail sales" means (i) sales by a registered vendor under Article 28 of Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law), or (ii) sales of a service to customers who personally visit the Project.

B. If the answer to Question A is YES, what percentage of the cost of the Project (including that portion of the cost to be financed from equity or other sources) will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project?

_____ %

C. If the answer to Question A is YES, and the amount entered for Question B is greater than 33.33%, indicate whether any of the following apply to the Project: Not applicable

1. Will the Project be operated by a not-for-profit corporation?

YES _____ NO _____

2. Is the Project likely to attract a significant number of visitors from outside the economic development region (i.e., Long Island) in which the Project is or will be located?

YES _____ NO _____

3. Would the Project occupant, but for the contemplated financial assistance from the Agency, locate the related jobs outside the State of New York?

YES _____ NO _____

4. Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonably accessible to the residents of the city, town or village within which the Project will be located, because of a lack of reasonably accessible retail trade facilities offering such goods or services?

YES _____ NO _____

5. Will the Project be located in one of the following: (a) an area designed as an economic development zone pursuant to Article 18-B of the General Municipal Law; or (b) a census tract or block numbering area (or census tract or block numbering area contiguous thereto) which, according to the most recent census data, has (i) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of the households receiving public assistance, and (ii) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates?

YES _____

NO _____

If the answer to any of the subdivisions 1 through 5 of Question C is YES, attach details.

- D. If the answer to any of the subdivisions 3 through 5 of Question C is YES, will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York? If YES, attach details.

YES _____

NO _____

- E. State percentage of the Applicant's annual gross revenues comprised of each of the following:

Retail Sales: _____%

Services: _____%

- F. State percentage of Project premises utilized for same:

Retail Sales: _____%

Services: _____%

The UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of Applicant: _____

Signature: _____

Name: _____

Title: _____

Date: _____

APPLICANT'S FINANCIAL ATTACHMENTS

Applicant is privately held and requests confidential treatment for the attached financial information.

JQ III ASSOCIATES, LLC

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
WITH
INDEPENDENT ACCOUNTANT'S REVIEW REPORT.**

KATZMAN, WEINSTEIN & CO, LLP

Certified Public Accountants

JQ III ASSOCIATES, LLC

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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KATZMAN, WEINSTEIN & CO., LLP

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Members
JQ III Associates, LLC
Jericho, New York

We have reviewed the accompanying balance sheets of JQ III Associates, LLC as at December 31, 2013 and 2012, and the related statements of income, changes in members' equity deficiency, and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying Schedule of Real Estate and Other Costs is presented only for purposes of additional analysis and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements and we are not aware of any material modifications that should be made thereto.


KATZMAN, WEINSTEIN & CO., LLP

July 30, 2014
Jericho, New York

JQ III ASSOCIATES, LLC

BALANCE SHEET
AS AT DECEMBER 31,

ASSETS

	<u>2013</u>	<u>2012</u>
REAL ESTATE		
Land		
Building, improvements and other costs		
TOTAL REAL ESTATE AT COST		
DUE FROM WE'RE ASSOCIATES, INC.		
OTHER ASSETS		
Unbilled rents receivable		
TOTAL ASSETS BEFORE ACCUMULATED DEPRECIATION		
Less: accumulated depreciation		
TOTAL ASSETS		

LIABILITIES AND MEMBERS' EQUITY DEFICIENCY

REAL ESTATE	
Mortgage payable	
OTHER LIABILITIES	
Accounts payable and accrued expenses	
TOTAL LIABILITIES	
MEMBERS' EQUITY DEFICIENCY	
Members' invested equity	
Less: accumulated depreciation	
TOTAL MEMBERS' EQUITY DEFICIENCY	
TOTAL LIABILITIES AND MEMBERS' EQUITY DEFICIENCY	

See independent accountant's review report and accompanying notes to financial statements.

JQ III ASSOCIATES, LLC

STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31,

	<u>2013</u>	<u>2012</u>
RENTAL INCOME		
Basic rent		
Escalations and other income		
TOTAL RENTAL INCOME		
RENTAL EXPENSE		
Operating expenses		
Management fees		
TOTAL RENTAL EXPENSE		
NET RENTAL INCOME		
MORTGAGE INTEREST		
PROPERTY INCOME - before depreciation and amortization		
OTHER EXPENSES		
Miscellaneous fees		
Professional fees		
TOTAL OTHER EXPENSES		
INCOME BEFORE DEPRECIATION AND AMORTIZATION		
DEPRECIATION AND AMORTIZATION		
NET INCOME		

See independent accountant's review report and accompanying notes to financial statements.

JQ III ASSOCIATES, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31,

	<u>2013</u>	<u>2012</u>
BALANCE - BEGINNING		
NET INCOME		
MEMBERS' DISTRIBUTIONS		
BALANCE - ENDING		

See independent accountant's review report and accompanying notes to financial statements.

JQ III ASSOCIATES, LLC

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation

JQ III Associates, LLC (the Company) owns and offers for lease a commercial office building in New York State. See Note 2 for related party activity.

Real Estate Property Costs

Recorded real estate property costs include the following items:

- a. Construction billings, interest, mortgage costs and real estate taxes during the construction period;
- b. Leasing and brokerage costs;
- c. Land costs, inclusive of interest and taxes, through the development phase.

Depreciation and Amortization

Depreciation of buildings and improvements is computed on a straight-line basis over the estimated useful lives of the properties, which range from ten (10) years for improvements made to tenant space to forty (40) years for the building. Amortization of financing and leasing brokerage costs is computed on a straight-line basis over the life of the related mortgage or lease period. Amortization of pre-operating costs is computed on a straight-line basis over a period of twenty-five (25) years commencing when the property became operational.

Expenditures which extend useful lives are capitalized. Charges for incidental repairs and maintenance, and gains and losses upon disposal, are reflected in operations as incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

JQ III ASSOCIATES, LLC

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company is organized as a New York registered Limited Liability Company. Under the provisions of the Internal Revenue Code, the Company has elected to be treated as a partnership for income tax purposes. Consequently, taxable income is reportable by the members and no provision for income taxes has been made for federal or state purposes.

The Company is subjected to routine audits by taxing jurisdictions. Currently there are no audits for any tax periods in progress. The Company believes it is no longer subject to income tax audits for years prior to December 31, 2010.

Revenue Recognition

The Company reports base rental revenue for financial statement purposes on a straight-line basis over the terms of the respective leases.

Unbilled Rents Receivable

Unbilled rents receivable represents the amount by which straight-line rental revenue exceeds rents currently due under the lease agreements.

NOTE 2- RELATED PARTY ACTIVITY

The Company is affiliated with We're Associates, Inc. (the Corporation). The Corporation serves as the managing agent and general contractor for the Company's real estate projects. As the managing agent, the Corporation handles all rental transactions for the Company. For both years ended December 31, 2013 and 2012 the Company paid the Corporation respectively, for management services provided. Related party transactions are made on an arms-length basis.

JQ III ASSOCIATES, LLC

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3- MORTGAGE PAYABLE

At December 31, 2013 mortgage payable is summarized as follows:

<u>Principal Balance</u>	<u>Maturity Date</u>	<u>Monthly Installment</u>	<u>Interest Rate</u>
------------------------------	--------------------------	--------------------------------	--------------------------

Scheduled principal payments for the above mortgage at December 31, 2013 are as follows for the twelve (12) month period ending December 31,

2014
2015
2016
2017

NOTE 4- TENANT LEASES

The Company's rental property is leased to a tenant under an operating lease with an expiration date of September 30, 2016. Future minimum rentals to be received under this noncancellable operating lease at December 31, 2013 are as follows for the twelve (12) month period ending December 31,

2014
2015
2016

NOTE 5- CONCENTRATION OF CREDIT RISK

Business and Credit Concentration

The Company's rental income is derived solely from one tenant. The lease with this tenant is not terminable by either party prior to September 30, 2016. Management does not believe significant credit risk exists at December 31, 2013.

Geographic Concentration

The Company's property is located in Nassau County of the State of New York. This concentration in a particular geographic region imposes on the Company certain risks, which include local economic conditions, that are not within management's control.

NOTE 6- SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 30, 2014, which is the date the financial statements were available to be issued, and has concluded that no such events or transactions took place that would require disclosure herein.

JQ III ASSOCIATES, LLC

SCHEDULE OF REAL ESTATE AND OTHER COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Balance - January 1, 2013</u>	<u>Net Additions/ (Reductions)</u>	<u>Depreciation and Amortization</u>	<u>Balance - December 31, 2013</u>
REAL ESTATE				
Land				
Building				
TOTAL REAL ESTATE				
OTHER COSTS				
Leasing costs				
Mortgage costs				
TOTAL OTHER COSTS				
TOTAL REAL ESTATE AND OTHER COSTS				
ACCUMULATED DEPRECIATION				
Building				
TOTAL ACCUMULATED DEPRECIATION				

See independent accountant's review report and accompanying notes to financial statements.



First American Title Insurance Company
National Commercial Services
633 Third Avenue, New York, NY 10017

WIRE INSTRUCTIONS

Date: 08/01/2013

BANK:

ABA NO.:

For Credit To:

Account Number:

Reference:

Customer Name:

Property Address:

Should you have any questions or comments please do not hesitate to contact your
Closer.

Schedule G

ENVIRONMENTAL ASSESSMENT FORM

617.20
Appendix B
Short Environmental Assessment Form


Instructions for Completing

Part 1 - Project Information. The applicant or project sponsor is responsible for the completion of Part 1. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification. Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information.

Complete all items in Part 1. You may also provide any additional information which you believe will be needed by or useful to the lead agency; attach additional pages as necessary to supplement any item.

Part 1 - Project and Sponsor Information			
Name of Action or Project: JQ III Associates LLP 300 Jericho Building Upgrade			
Project Location (describe, and attach a location map): 300 Jericho Quadrangle, Jericho, NY 11753			
Brief Description of Proposed Action: Project consists of renovations to the 300 Jericho Quadrangle Building and upgrade to a "Class A" office building status, which will include new (i) building mechanical equipment, (ii) heating, ventilation and air conditioning equipment, (iii) electrical equipment, (iv) upgrade of public restrooms and new plumbing equipment, (v) fire/safety equipment, and (vi) tenant leasehold improvements, including possibly furniture and office equipment.			
Name of Applicant or Sponsor: JQ III Associates LLP		Telephone: 516-931-5300	
		E-Mail: brackler@jqiii.com	
Address: c/o The We're Group, 100 Jericho Quadrangle			
City/PO: Jericho		State: NY	Zip Code: 11753
1. Does the proposed action only involve the legislative adoption of a plan, local law, ordinance, administrative rule, or regulation? If Yes, attach a narrative description of the intent of the proposed action and the environmental resources that may be affected in the municipality and proceed to Part 2. If no, continue to question 2.			NO <input type="checkbox"/>
			YES <input checked="" type="checkbox"/>
2. Does the proposed action require a permit, approval or funding from any other governmental Agency? If Yes, list agency(ies) name and permit or approval: Building permits will be required from the Town of Oyster Bay, and Applicant seeks financial assistance from the Nassau County Industrial Development Agency.			NO <input type="checkbox"/>
			YES <input checked="" type="checkbox"/>
3.a. Total acreage of the site of the proposed action?		29.94 acres	
b. Total acreage to be physically disturbed?		0 acres	
c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor?		29.94 acres	
4. Check all land uses that occur on, adjoining and near the proposed action:			
<input type="checkbox"/> Urban <input type="checkbox"/> Rural (non-agriculture) <input type="checkbox"/> Industrial <input checked="" type="checkbox"/> Commercial <input type="checkbox"/> Residential (suburban)			
<input type="checkbox"/> Forest <input type="checkbox"/> Agriculture <input type="checkbox"/> Aquatic <input checked="" type="checkbox"/> Other (specify): office building			
<input type="checkbox"/> Parkland			

5. Is the proposed action:	NO	YES	N/A
a. A permitted use under the zoning regulations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. Consistent with the adopted comprehensive plan?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Is the proposed action consistent with the predominant character of the existing built or natural landscape?	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
7. Is the site of the proposed action located in, or does it adjoin, a state listed Critical Environmental Area? (If Yes, identify: _____)	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
8. a. Will the proposed action result in a substantial increase in traffic above present levels?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Are public transportation service(s) available at or near the site of the proposed action?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
c. Are any pedestrian accommodations or bicycle routes available on or near site of the proposed action?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
9. Does the proposed action meet or exceed the state energy code requirements? If the proposed action will exceed requirements, describe design features and technologies: _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
10. Will the proposed action connect to an existing public/private water supply? If No, describe method for providing potable water: _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
11. Will the proposed action connect to existing wastewater utilities? If No, describe method for providing wastewater treatment: _____	NO	YES	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
12. a. Does the site contain a structure that is listed on either the State or National Register of Historic Places?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Is the proposed action located in an archeological sensitive area?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
13. a. Does any portion of the site of the proposed action, or lands adjoining the proposed action, contain wetlands or other waterbodies regulated by a federal, state or local agency?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Would the proposed action physically alter, or encroach into, any existing wetland or waterbody? If Yes, identify the wetland or waterbody and extent of alterations in square feet or acres: _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
14. Identify the typical habitat types that occur on, or are likely to be found on the project site. Check all that apply: <input type="checkbox"/> Shoreline <input type="checkbox"/> Forest <input type="checkbox"/> Agricultural/grasslands <input type="checkbox"/> Early mid-successional <input type="checkbox"/> Wetland <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban			
15. Does the site of the proposed action contain any species of animal, or associated habitats, listed by the State or Federal government as threatened or endangered?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
16. Is the project site located in the 100 year flood plain?	NO	YES	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
17. Will the proposed action create storm water discharge, either from point or non-point sources? If Yes:	NO	YES	
a. Will storm water discharges flow to adjacent properties? <input type="checkbox"/> NO <input type="checkbox"/> YES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Will storm water discharges be directed to established conveyance systems (runoff and storm drains)? If Yes, briefly describe: <input type="checkbox"/> NO <input type="checkbox"/> YES			

18. Does the proposed action include construction or other activities that result in the impoundment of water or other liquids (e.g. retention pond, waste lagoon, dam)? If Yes, explain purpose and size: _____ _____	NO	YES
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. Has the site of the proposed action or an adjoining property been the location of an active or closed solid waste management facility? If Yes, describe: _____ _____	NO	YES
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
20. Has the site of the proposed action or an adjoining property been the subject of remediation (ongoing or completed) for hazardous waste? If Yes, describe: _____ _____	NO	YES
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
I AFFIRM THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE		
Applicant/sponsor name: <u>JG III Associates LLC</u>	Date: <u>February 10, 2015</u>	
Signature: <u></u>		

Part 2 - Impact Assessment. The Lead Agency is responsible for the completion of Part 2. Answer all of the following questions in Part 2 using the information contained in Part 1 and other materials submitted by the project sponsor or otherwise available to the reviewer. When answering the questions the reviewer should be guided by the concept "I have my responses been reasonable considering the scale and context of the proposed action?"

	No, or small impact may occur	Moderate to large impact may occur
1. Will the proposed action create a material conflict with an adopted land use plan or zoning regulations?	<input type="checkbox"/>	<input type="checkbox"/>
2. Will the proposed action result in a change in the use or intensity of use of land?	<input type="checkbox"/>	<input type="checkbox"/>
3. Will the proposed action impair the character or quality of the existing community?	<input type="checkbox"/>	<input type="checkbox"/>
4. Will the proposed action have an impact on the environmental characteristics that caused the establishment of a Critical Environmental Area (CEA)?	<input type="checkbox"/>	<input type="checkbox"/>
5. Will the proposed action result in an adverse change in the existing level of traffic or affect existing infrastructure for mass transit, biking or walkway?	<input type="checkbox"/>	<input type="checkbox"/>
6. Will the proposed action cause an increase in the use of energy and it fails to incorporate reasonably available energy conservation or renewable energy opportunities?	<input type="checkbox"/>	<input type="checkbox"/>
7. Will the proposed action impact existing: a. public / private water supplies? b. public / private wastewater treatment utilities?	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
8. Will the proposed action impair the character or quality of important historic, archaeological, architectural or aesthetic resources?	<input type="checkbox"/>	<input type="checkbox"/>
9. Will the proposed action result in an adverse change to natural resources (e.g., wetlands, waterbodies, groundwater, air quality, flora and fauna)?	<input type="checkbox"/>	<input type="checkbox"/>

	No. or small impact may occur	Moderate to large impact may occur
10. Will the proposed action result in an increase in the potential for erosion, flooding or drainage problems?	<input type="checkbox"/>	<input type="checkbox"/>
11. Will the proposed action create a hazard to environmental resources or human health?	<input type="checkbox"/>	<input type="checkbox"/>

Part 3 - Determination of significance. The Lead Agency is responsible for the completion of Part 3. For every question in Part 2 that was answered "moderate to large impact may occur", or if there is a need to explain why a particular element of the proposed action may or will not result in a significant adverse environmental impact, please complete Part 3. Part 3 should, in sufficient detail, identify the impact, including any measures or design elements that have been included by the project sponsor to avoid or reduce impacts. Part 3 should also explain how the lead agency determined that the impact may or will not be significant. Each potential impact should be assessed considering its setting, probability of occurring, duration, irreversibility, geographic scope and magnitude. Also consider the potential for short-term, long-term and cumulative impacts.

<input type="checkbox"/>	Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action may result in one or more potentially large or significant adverse impacts and an environmental impact statement is required.
<input type="checkbox"/>	Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action will not result in any significant adverse environmental impacts.
_____	_____
Name of Lead Agency	Date
_____	_____
Print or Type Name of Responsible Officer in Lead Agency	Title of Responsible Officer
_____	_____
Signature of Responsible Officer in Lead Agency	Signature of Preparer (if different from Responsible Officer)

PRINT

OTHER ATTACHMENTS

List of Existing Subtenants
[Attached]

300 JERICHO QUADRANGLE

SUBTENANT RENT ROLL

Confidential

			<u>SQ FT</u>
00801A	Darby Group Co	Office	81,778
		Storage	8,316
		Office Elec	
		Total	90,094
00801B	AON Service Grp	Office	73,356
		Storage	787
		Total	74,143
00801D	Weight Watchers	Office	35,594
		Storage	513
		Total	36,107
00801E	Grodsky, Caporrino	Office	6,521
		Total	6,521
00801G	Aer Lingus Ltd	Office	14,021
		Total	14,021
00801H	Schwartzapfel	Office	16,306
		Total	16,306
00801I	State Farm	Office	40,173
		Total	40,173
		TOTAL	277,365