
NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY,

AND

STEEL SAW, LLC

MASTER UNIFORM PROJECT AGREEMENT

DATED AS OF April 1, 2022

MASTER UNIFORM PROJECT AGREEMENT

THIS MASTER UNIFORM PROJECT AGREEMENT (hereinafter, the “Project Agreement”), is made as of the 1st day of April, 2022, 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 STEEL SAW, LLC, a limited liability company organized and existing under the laws of the State of Delaware and authorized to do business in the State of New York, having an office at 999 South Oyster Bay Road, Suite 200, Bethpage, New York 11714 (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, Steel K, LLC, on behalf of itself and entities formed or to be formed on its behalf (together with the Company, the “Applicant”), have 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, in up to five (5) phases, of a 6.46 acre parcel of land located at 147, 165, 185, 205 and 215 East 2nd Street, and n/a Union Street, Village of Mineola, Town of North Hempstead, Nassau County, New York (Section: 9; Block: 437; Lot: 346-347 and 459-465 and Section: 9; Block: 300; Lot: 42-44) (the “Overall Land”), (2) the renovation, in up to five (5) phases, of five existing, in total, approximately 200,739 square foot buildings (collectively, the “Overall Building”) on the Overall Land, together with related improvements to the Overall Land, including surface parking spaces, (3) the acquisition of certain furniture, fixtures, machinery and equipment (the “Overall Equipment”) necessary for the completion thereof (collectively, the “Overall Project Facility”), all of the foregoing for use as a multi-tenant commercial office/industrial facility; (B) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the General Municipal Law) with respect to the foregoing in the form of

potential exemptions or partial exemptions from real property taxes, mortgage recording taxes and sales and use taxes (collectively, the “Financial Assistance”); and (C) the lease (with an obligation to purchase), license or sale of the Overall Project Facility 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 November 18, 2021 (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 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 November 29, 2021 to the chief executive officer of Nassau County, New York and of each other affected tax jurisdiction within which the Overall Project Facility is or is to be located; (B) caused notice of the Public Hearing to be published on November 29, 2021 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 December 14, 2021, at 12:30 p.m. local time, at Village of Mineola Village Hall, 155 Washington Avenue, Mineola, Nassau County, New York (the “Public Hearing”); 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 to be mailed on November 29, 2021 to the chief executive officer of each affected tax jurisdiction; and (B) the members of the Agency conducted the IDA Meeting on December 16, 2021 and reviewed any written comments or correspondence received with respect to 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 December 16, 2021, 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 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 Overall Project Facility or used in the

acquisition, construction or equipping of the Overall 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 of the PILOT Mortgage, and (c) a partial abatement from real property taxes conferred through a certain payment in lieu of tax agreement, between the Agency and the Company 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 Project (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, 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 with respect to each of the up to five (5) phases of the Overall Project (A) a certain company lease agreement between the Company and the Agency, which will convey to the Agency a leasehold interest in and to the applicable portion of the Overall Land and the Overall Building, and (B) a bill of sale, which will convey to the Agency all right, title and interest of the Company in and to the applicable portion of the Overall Equipment; and

WHEREAS, the Agency proposes to appoint the Company as agent of the Agency to undertake the acquisition, construction, renovation, installation and equipping of the Overall Project Facility pursuant to the terms of each Supplement hereto, to lease each Phase of the Overall Project Facility from the Company pursuant to a Company Lease and to sublease the Overall Project Facility to the Company, and the Company desires to act as agent of the Agency to undertake the acquisition, construction, renovation, installation and equipping of each Phase of the Overall Project Facility, to lease the Overall Project Facility to the Agency and to sublease the Overall Project Facility from the Agency, all pursuant to the terms and conditions set forth herein and in the Sublease Agreement for each Phase of the Project (each, as the same may be amended, modified, supplemented or restated from time to time, the “Sublease Agreement”) between the Agency and the Company; and

authorities having jurisdiction over the Overall 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 Overall Project Facility will comply in all respects with all environmental laws and regulations, and except as set forth on the Environmental Report (as defined in the Leaseback Agreement) and except in compliance with environmental laws and regulations, (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 Overall 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 Overall Project Facility or onto any other property, (iii) that no asbestos will be incorporated into or disposed of on the Overall Project Facility, (iv) that no underground storage tanks will be located on the Overall 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 Overall Project Facility, the Company agrees to pay the expenses of same to the Agency upon written 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 Overall Project Facility will not constitute more than one-third (1/3) of the total costs of the Overall 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 Project), 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 Project receiving Financial Assistance from the Agency in connection with the Project, 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 material 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 Overall Project Facility or any part thereof, or to any use, manner of use or condition of the Overall 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 Project 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 December 16, 2021 under SEQRA applicable to the acquisition, construction, renovation, installation, equipping and operation of the Overall 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 Overall Project Facility. No material changes with respect to any aspect of the Project 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 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, subject to Article IX and Section 12.19 of the Sublease Agreement, the Company is, and shall at all times during the term of this Project Agreement, continue to be managed and owned solely by either or both of Glenn Lostritto and Joseph J. Lostritto or one or more trusts established by either or both of them for their own benefit or the benefit of members of their respective immediate families (collectively, the "Initial Owner"); provided, however, that the Initial Owner may transfer all or any part of their interests in the Company to members of the respective immediate families (or trusts for the benefit or such immediate family members), and upon the Agency's written consent only, up to 49% ownership interest to unrelated parties, provided that no transfers permitted hereunder shall result in a change in the day-to-day control of the management and operations of the Company.

p) The Company shall maintain a Minimum Employment Requirement pursuant to each Related Lease as set forth in Section 2.2(M) thereof.

q) The Overall Project Facility is located entirely within the boundaries of the Village of Mineola, Town of North Hempstead, Nassau County, New York, and is located only within the Mineola School District.

r) The total cost of the Project is at least \$26,900,000.00. For avoidance of doubt this total cost includes the entire five (5) phase of the Project.

s) Neither the Company, nor any Guarantor, nor any Affiliate of the Company or Guarantor has employed or retained any appointed or elected governmental official to solicit or secure the Agency's undertaking of the Project 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 Project. The purpose of the Financial Assistance with respect to the Project is to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of the Overall 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 Application.

**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 of each Supplement hereto; (ii) confirms that the Mortgage Recording Tax Exemption (as defined in **Schedule A** hereof) shall not exceed the Maximum Mortgage Principal Amount, as more fully described in **Schedule A** hereof (it being understood and agreed that nothing herein shall prohibit the Company from obtaining a mortgage if it pays the Mortgage Recording Tax applicable); and (iii) confirms that the 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 Agreements, the form of which PILOT Agreement is attached as **Exhibit A** of each Supplement.

The parties hereto will execute a Supplement to this Project Agreement for each of the five (5) phases of the Project.

The Agency agrees to acquire, construct and equip the Facility based on Company specifications. The Agency shall appoint and confirm its appointment of the Company as the true and lawful agent of the Agency to undertake the acquisition, constructing and equipping of the Project pursuant to each Supplement entered into in connection with each phase of the Project. The Agency will provide certain exemptions from Sales and Use Taxes and impose certain reporting and compliance requirements as set forth in Section 4.3 of each Supplement entered into in connection with each phase of the Project. The Company hereby acknowledges and agrees that the foregoing Financial Assistance constitutes “public funds” unless otherwise excluded under Section 224-a(3) of the New York Labor Law, and by executing this Agreement, (i) confirms that it has received notice from the Agency pursuant to Section 224-a(8)(d) of the New York Labor Law and (ii) acknowledges its obligations pursuant to Section 224-a(8)(a) of the New York Labor Law. Other than the Financial Assistance estimates provided herein and disclosed to the Company, the Agency makes no representations or covenants with respect to the total sources of “public funds” received by the Company in connection with the Project.

The Financial Assistance provided in connection herewith shall be subject to recapture as set forth with respect to each Supplement entered into in connection with each phase of the Project.

**ARTICLE V.
INSURANCE**

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

**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), 5.1, 7.1, 7.2, 7.3, 7.6 and 8.1, as well as Subsections 4.3, 4.4, 4.5 and 4.8 of each Supplement hereto;

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 occurrence of an “Event of Default” under any other Transaction Document, which has not been cured within any applicable grace, notice or cure period; and

e) the dissolution or liquidation of the Company; or the failure by the Company to release, stay, discharge, lift or bond within thirty (30) 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.

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; 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 Agreements, the PILOT Agreements 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 Project, including, without limitation, the employees of and applicants for employment with the Company, are afforded equal employment opportunities without discrimination.

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 Project 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 Overall 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 Overall Project Facility or any phase thereof, 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 B. 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 reasonably necessary to verify such reports) with respect to their respective employees, if any, at the Overall Project Facility or any phase thereof. 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 Project 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 to Terminate Existence or Dispose of Assets.

The Company agrees that, during the term of this Project Agreement (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 corporation, 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 Overall Project Facility, the Company and/or the Company's 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.

a) The Company agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with sound and consistently applied accounting principles of all business and affairs of the Company.

b) 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 B 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 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 shall have occurred and be continuing under any of the Transaction Documents beyond any applicable notice or cure period, (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 Overall 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 within ten (10) business days of written 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 Overall 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

Overall 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 Overall Equipment or of the Overall 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: STEEL SAW, LLC
999 South Oyster Bay Road, Suite 200
Bethpage, New York 11714

With a copy to: Forchelli Deegan Terrana LLP
333 Earle Ovington Blvd, Suite 1010
Uniondale, NY 11553
Attn: Daniel P. Deegan, 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 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 Agreements or the PILOT Agreements, 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 Project; 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 Project notwithstanding the occurrence of any of (i) the Company's withdrawal, abandonment, cancellation or failure to pursue the Project; (ii) the inability of the Agency or the Company to procure the services of one or more financial institutions to provide financing for the Project; or (iii) the Company's failure, for whatever reason, to undertake and/or successfully complete the Project.

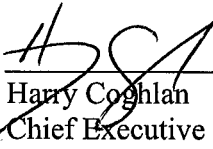
Section 8.7 This Project Agreement shall be construed as a single Uniform Project Agreement with each and every Supplement entered into in connection herewith.

[Remainder of This Page Intentionally Left Blank]

[Signature Page to Uniform 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

STEEL SAW, LLC

By:  _____
Glenn Lostritto
Managing Member

SCHEDULE A

SCHEDULE OF DEFINITIONS

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

“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 each supplement to this Project Agreement.

“Company Lease Agreements” shall mean that certain Company Lease Agreement, dated as of April 1, 2022 by and between the Company and the Agency for 215 East 2nd Street, Mineola, NY, known by Nassau County Tax Map Numbers Section 9, Block 437 and Lots 464 and 465, together with each additional Company Lease Agreement entered into by and between the Company and the Agency for 147, 165, 185 and 205 East 2nd Street, and n/a Union Street, Village of Mineola, Town of North Hempstead, Nassau County, New York (Section: 9; Block: 437; Lot: 346-347 and 459-463 and Section: 9; Block: 300; Lot: 42-44).

“Guarantor” or “Guarantors” means, individually or collectively, as the context may require, Glenn Lostritto and Joseph J. Lostritto, each a natural person.

“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 Mortgage Principal Amount” shall mean **\$21,520,000.00**, with respect to the Lender Mortgage.

“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 **\$161,400.00**, 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 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 **\$327,750.00**, 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.

“PILOT Agreements” shall mean that certain PILOT Agreement, dated as of April 1, 2022 by and between the Company and the Agency for 215 East 2nd Street, Mineola, NY,

known by Nassau County Tax Map Numbers Section 9, Block 437 and Lots 464 and 465, together with each additional PILOT Agreement entered into by and between the Company and the Agency for 147, 165, 185 and 205 East 2nd Street, and n/a Union Street, Village of Mineola, Town of North Hempstead, Nassau County, New York (Section: 9; Block: 437; Lot: 346-347 and 459-463 and Section: 9; Block: 300; Lot: 42-44).

“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 Overall 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 Agreements” shall mean that certain Sublease Agreement, dated as of April 1, 2022 by and between the Company and the Agency for 215 East 2nd Street, Mineola, NY, known by Nassau County Tax Map Numbers Section 9, Block 437 and Lots 464 and 465, together with each additional Sublease Agreement entered into by and between the Company and the Agency for 147, 165, 185 and 205 East 2nd Street, and n/a Union Street, Village of Mineola, Town of North Hempstead, Nassau County, New York (Section: 9; Block: 437; Lot: 346-347 and 459-463 and Section: 9; Block: 300; Lot: 42-44).

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

EXHIBIT A

COST BENEFIT ANALYSIS AND FORM OF PILOT AGREEMENT

[Attached]

PREPARED FOR:

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

Economic and Fiscal Impact

STEEL K, LLC

Nassau County
Industrial Development Agency

DECEMBER 10, 2021

PREPARED BY:



PO Box 3547
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com

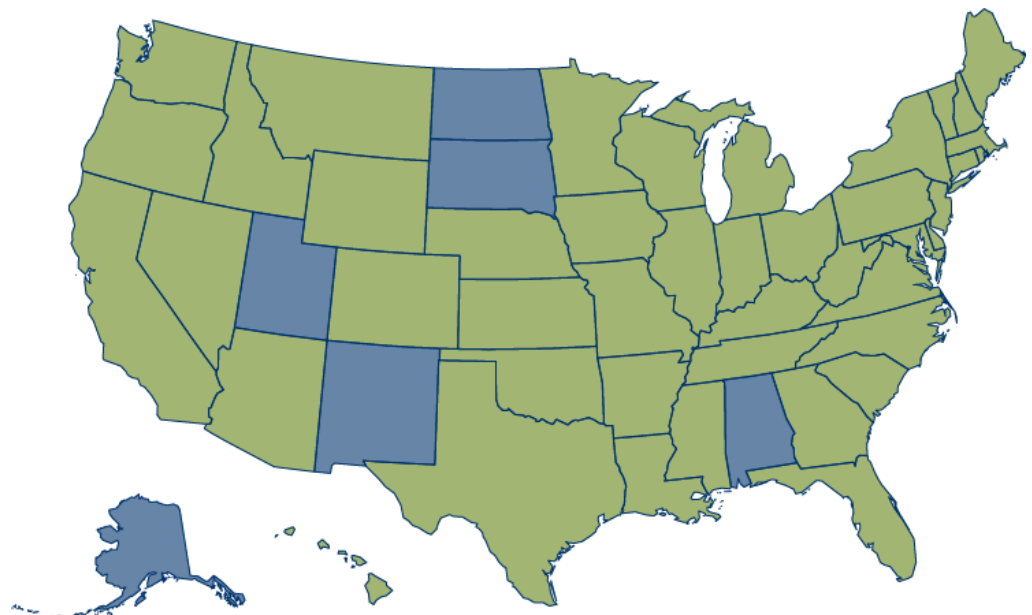
CAMOIN ASSOCIATES

ABOUT CAMOIN ASSOCIATES

Camoin Associates 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 44 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

Jessica Tagliafierro
Senior Analyst



ABOUT THE STUDY

Camoin Associates was retained by the Nassau County Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed Steel K, LLC which entails the renovation of a 200,739 square foot facility at 147, 165, 185, 205, and 215 East 2nd Street, Mineola, Town of North Hempstead, New York.

The goal of this analysis is to provide a complete assessment of the total economic, employment and tax impacts of the project on Nassau County that result from the construction phase 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, new jobs, and PILOT schedule information.

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 Associates 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:
Steel K, LLC Application for Assistance and the Nassau County Industrial Development Agency

Geography:
Nassau County

Study Period:
2021

Modeling Tool:
Emsi

DIRECT IMPACTS

This initial round of impacts is generated as a result of spending on renovations and operations.

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.

INDUCED IMPACTS

Impacts that result from spending by facility employees 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: STEEL K, LLC.



TOTAL NUMBER OF
JOBS CREATED:

771 JOBS

375

Permanent
On-Site Jobs

328

Permanent
Indirect Jobs

48

Direct
Construction
Jobs

20

Indirect
Construction
Jobs



Assistance

PILOT

20-year

SALES TAX
EXEMPTION

\$327,750

MORTGAGE
EXEMPTION

\$161,400

Annual Earnings:
\$70.0 MN

Annual Sales:
\$216.2 MN

Construction:

\$12.6
MILLION
spending



\$5.0
MILLION
earnings

Decrease in County
Revenues From Property:

\$251,072

Total PILOT
Payments:

\$2.7 MN

Total Otherwise
Applicable
Property Taxes:

\$3.0 MN



Average Annual
Sales Tax Revenue:

\$520,964



CONTENTS

| | |
|--|----|
| EXECUTIVE SUMMARY | 1 |
| ECONOMIC IMPACT ANALYSIS | 3 |
| FISCAL IMPACT ANALYSIS | 5 |
| ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?..... | 10 |

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EXECUTIVE SUMMARY

The Nassau County Industrial Development Agency (the "Agency") received an application for financial assistance from Steel K, LLC (the "Applicant") for the proposed renovation of a 200,739 square foot industrial facility (the "Project") at 147, 165, 185, 205, and 215 East 2nd Street, Mineola, Town of North Hempstead, Nassau County, New York (the "Site"). The Project being proposed by the Applicant entails the renovation of the property in five phases along with the acquisition of related furniture, fixtures, and equipment all for use a future tenant as industrial space. The Agency commissioned Camoin Associates to conduct an economic and limited fiscal impact of the Project on Nassau County (the "County").

This study analyzes the impact that the Project will have on the Nassau County economy and on local municipal revenues, net of any economic activity that would occur even if the Project were not completed. According to the Applicant, the final end use and user has yet to be determined. Based on the size of the space and industry standards of square feet per employee, we assume that there will be 375 jobs on-site once the Project is completed. This study analyzes the impact that the net new jobs would have on the County economy and on municipal revenue sources.

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

Table 1

Summary of Benefits to County

| Renovation Phase | |
|--|---------------|
| Total Jobs | 68 |
| On-Site Jobs | 48 |
| Total Earnings | \$ 4,967,649 |
| On-Site Earnings | \$ 3,572,958 |
| One-Time Sales Tax Revenue to County | \$ 36,947 |
| Annual Impacts | |
| Total Jobs | 703 |
| Direct Jobs | 375 |
| Indirect and Induced Jobs | 328 |
| Total Earnings | \$ 70,045,644 |
| Direct Earnings | \$ 46,029,868 |
| Indirect and Induced Earnings | \$ 24,015,777 |
| Average Annual Sales Tax Revenue to County | \$ 520,964 |
| Average Annual PILOT Payment | \$ 136,972 |

CAMOIN ASSOCIATES

Renovation Impact

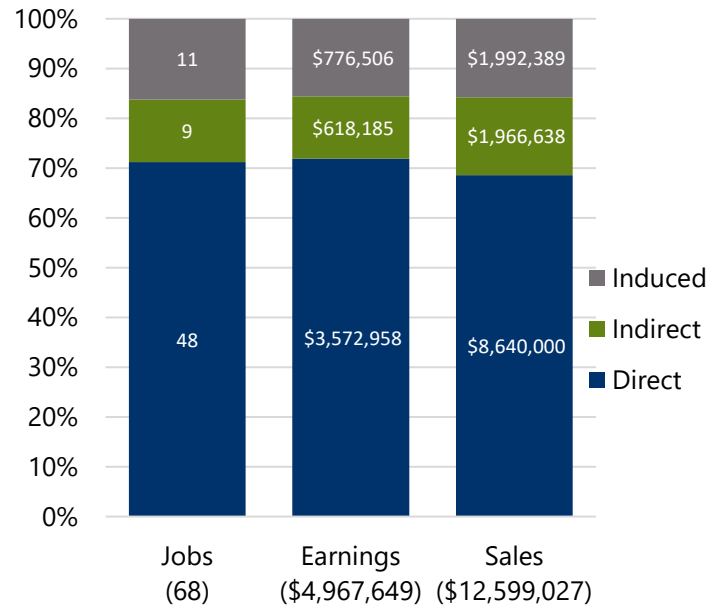
- ◆ The renovation associated with the Project would result in approximately 48 new direct construction jobs generating nearly \$3.6 million in direct new earnings on-site and an additional \$1.4 million in indirect and induced earnings. Figure 1 to the right displays more detail on the economic impact of renovation.
- ◆ Sales associated with the renovation phase would be taxed, and therefore generate sales tax revenue for the County. Sales tax associated with the renovation phase of the Project are estimated to contribute approximately \$36,947 to the County.

Annual Impact

- ◆ The Project would support 703 net new jobs in the county, with over \$70.0 million in associated earnings. Figure 2 summarizes the annual economic impact of the Project.
- ◆ Sales associated with the on-site operations are estimated to generate \$520,964 in sales tax revenue to the county annually.
- ◆ The Applicant has negotiated terms of a proposed PILOT agreement with the Agency, which includes a 20-year PILOT agreement for the first phase. Under this proposed PILOT agreement, the Applicant would pay approximately \$2.7 million over the 20-year PILOT term, or an average of approximately \$136,972 per year (for the first phase, only).
- ◆ Through negotiations with the Agency, the Applicant could have access to a sales tax exemption valued at up to \$327,750 and a mortgage tax exemption valued at up to \$161,400. 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 20-year PILOT agreement for phase one would be approximately \$251,072 less than the property tax payments generated by the Site if the Project were not to occur. In other words, the PILOT represents a cost to the affected taxing jurisdictions averaging \$12,554 per year.

Figure 1

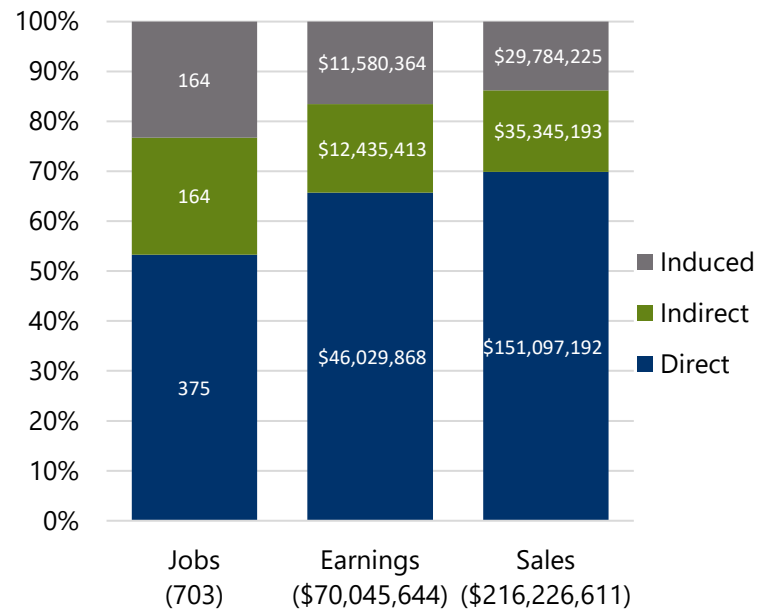
Total Economic Impact - Renovation Phase



Source: Emsi

Figure 2

Total Annual Economic Impact



Source: Emsi

ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated during the renovation phase and Project occupation as provided by the Applicant were used as the direct inputs for the economic impact model. Camoin Associates used the input-output model designed by Economic Modeling Specialist 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.

RENOVATION PHASE IMPACTS

The Applicant anticipates that private sector investment in the renovation of the Project would cost \$10.8 million¹ for all phases. It is assumed that 80%² of the renovation spending would be sourced from within the county, representing \$8.6 million in net new spending in the county associated with the renovation phase of the Project.

Table 2

| Renovation Phase Spending | |
|----------------------------------|---------------|
| Total Renovation Cost | \$ 10,800,000 |
| Percent Sourced from County | 80% |
| Net New Renovation Spending | \$ 8,640,000 |

Source: Applicant, Camoin Associates

Based on \$8.6 million worth of net new direct spending associated with the renovation phase of the Project, we determined that there would be nearly \$12.6 million in total one-time renovation related spending supporting 68 jobs³ over the 4-5 year renovation period throughout the county and nearly \$5.0 million in earnings. Table 3 outlines the economic impacts of renovation.

Table 3

| Economic Impact - Renovation Phase | | | |
|---|--------------|---------------------|-------------------|
| | Jobs | Earnings | Sales |
| Direct | 48 \$ | 3,572,958 \$ | 8,640,000 |
| Indirect | 9 \$ | 618,185 \$ | 1,966,638 |
| Induced | 11 \$ | 776,506 \$ | 1,992,389 |
| Total | 68 \$ | 4,967,649 \$ | 12,599,027 |

Source: EMSI, Camoin Associates

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.

¹ Includes project costs as provided by the Applicant in Part III of the application, excluding land acquisition costs.

² Based on an analysis of the construction industry demand that is met in Nassau County. Source: Emsi.

³ The Applicant projects 125 direct renovation jobs (Schedule C of the application), however we estimate 4 based on \$800,000 in renovation spending.

CAMOIN ASSOCIATES

IMPACTS OF ON-SITE EMPLOYMENT

While the end use and user of the space has yet to be determined, Camoin Associates estimates that based on the square footage and type of space, there will be 375 employees on-site upon completion of all phases of redevelopment.⁴

Using these new jobs as direct inputs into the model, Emsi was used to calculate the economic impacts of the on-site activity. Table 4 details the impact that the on-site activity will have on Nassau County in terms of employment, earnings, and sales.

Table 4

Economic Impact - On-Site Operations

| | Jobs | Earnings | Sales |
|--------------|---------------|----------------------|--------------------|
| Direct | 375 \$ | 46,029,868 \$ | 151,097,192 |
| Indirect | 164 \$ | 12,435,413 \$ | 35,345,193 |
| Induced | 164 \$ | 11,580,364 \$ | 29,784,225 |
| Total | 703 \$ | 70,045,644 \$ | 216,226,611 |

Source: EMSI, Camoin Associates

⁴ Based on the industry standard assumption of 535 square feet per employee in manufacturing space. Source: Institute of Transportation Engineers.

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)⁵

The Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement. The Applicant has proposed a 20-year payment schedule for the first phase of the Project based on the current tax rate, taxable value, and assessed value of the Project, as shown in Table 5.

Table 5

Tax Payments with PILOT

| Year | PILOT Payments |
|----------------|---------------------|
| 1 | \$ 123,080 |
| 2 | \$ 123,080 |
| 3 | \$ 124,594 |
| 4 | \$ 126,127 |
| 5 | \$ 127,678 |
| 6 | \$ 129,249 |
| 7 | \$ 130,838 |
| 8 | \$ 132,448 |
| 9 | \$ 134,077 |
| 10 | \$ 135,726 |
| 11 | \$ 137,395 |
| 12 | \$ 139,085 |
| 13 | \$ 140,796 |
| 14 | \$ 142,528 |
| 15 | \$ 144,281 |
| 16 | \$ 146,056 |
| 17 | \$ 147,852 |
| 18 | \$ 149,671 |
| 19 | \$ 151,512 |
| 20 | \$ 153,375 |
| Total | \$ 2,739,448 |
| Average | \$ 136,972 |

Source: Nassau County IDA, Camoin Associates

⁵ PILOT and tax information applies to the first phase of the Project, only. All other impacts presented in this analysis represent the entire Project.

CAMOIN ASSOCIATES

TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin Associates 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%⁶ (holding taxable value constant), the following table outlines the estimated tax payments made by the building owner without the Project:

Table 6

| Tax Payments without Project | | |
|-------------------------------------|--|------------------|
| Year | Property Tax Payment Without Project* | |
| 1 | \$ | 123,080 |
| 2 | \$ | 125,542 |
| 3 | \$ | 128,052 |
| 4 | \$ | 130,613 |
| 5 | \$ | 133,226 |
| 6 | \$ | 135,890 |
| 7 | \$ | 138,608 |
| 8 | \$ | 141,380 |
| 9 | \$ | 144,208 |
| 10 | \$ | 147,092 |
| 11 | \$ | 150,034 |
| 12 | \$ | 153,035 |
| 13 | \$ | 156,095 |
| 14 | \$ | 159,217 |
| 15 | \$ | 162,401 |
| 16 | \$ | 165,649 |
| 17 | \$ | 168,962 |
| 18 | \$ | 172,342 |
| 19 | \$ | 175,789 |
| 20 | \$ | 179,304 |
| Total | \$ | 2,990,520 |
| Average | \$ | 149,526 |

Source: Nassau County IDA, Camoin Associates

***Note:** Assumes an average annual increase of 2.00%

⁶ 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)..

CAMOIN ASSOCIATES

Table 7 calculates the 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. Over the course of the proposed PILOT term, the average annual collection by local jurisdictions would be approximately \$12,554 less in PILOT revenue than property taxes without the Project. The total cost to the affected taxing jurisdictions of the PILOT agreement over 20 years would be approximately \$251,072.

Table 7

Tax Policy Comparison

| Year | Property Tax Payment Without Project | PILOT Payment | Cost To County of Project |
|----------------|---|----------------------|----------------------------------|
| 1 | \$ 123,080 | \$ 123,080 | \$ 0 |
| 2 | \$ 125,542 | \$ 123,080 | \$ (2,461) |
| 3 | \$ 128,052 | \$ 124,594 | \$ (3,458) |
| 4 | \$ 130,613 | \$ 126,127 | \$ (4,487) |
| 5 | \$ 133,226 | \$ 127,678 | \$ (5,548) |
| 6 | \$ 135,890 | \$ 129,249 | \$ (6,642) |
| 7 | \$ 138,608 | \$ 130,838 | \$ (7,770) |
| 8 | \$ 141,380 | \$ 132,448 | \$ (8,933) |
| 9 | \$ 144,208 | \$ 134,077 | \$ (10,131) |
| 10 | \$ 147,092 | \$ 135,726 | \$ (11,366) |
| 11 | \$ 150,034 | \$ 137,395 | \$ (12,638) |
| 12 | \$ 153,035 | \$ 139,085 | \$ (13,949) |
| 13 | \$ 156,095 | \$ 140,796 | \$ (15,299) |
| 14 | \$ 159,217 | \$ 142,528 | \$ (16,689) |
| 15 | \$ 162,401 | \$ 144,281 | \$ (18,121) |
| 16 | \$ 165,649 | \$ 146,056 | \$ (19,594) |
| 17 | \$ 168,962 | \$ 147,852 | \$ (21,110) |
| 18 | \$ 172,342 | \$ 149,671 | \$ (22,671) |
| 19 | \$ 175,789 | \$ 151,512 | \$ (24,277) |
| 20 | \$ 179,304 | \$ 153,375 | \$ (25,929) |
| Total | \$ 2,990,520 | \$ 2,739,448 | \$ (251,072) |
| Average | \$ 149,526 | \$ 136,972 | \$ (12,554) |

Source: Nassau County IDA, Camoin Associates

CAMOIN ASSOCIATES

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 8

Summary of Costs to County

| | |
|------------------------|------------|
| Sales Tax Exemption | \$ 327,750 |
| Mortgage Tax Exemption | \$ 161,400 |

Source: Applicant, Camoin Associates

The additional incentive offered by the Agency 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 – RENOVATION PHASE

The one-time renovation phase earnings described by the total economic impact of the renovation work (described in above section) would lead to additional sales tax revenue for the County. It is assumed that 70%⁷ of the renovation phase earnings would be spent within Nassau County and that 25% of those purchases would be taxable.

Table 9

One Time Sales Tax Revenue, Renovation Phase

| | | |
|------------------------------|----|-----------|
| Total New Earnings | \$ | 4,967,649 |
| Amount Spent in County (70%) | \$ | 3,477,354 |
| Amount Taxable (25%) | \$ | 869,339 |
| County Sales Tax Rate | | 4.25% |
| New County Tax Revenue | \$ | 36,947 |

Source: Nassau County, Camoin Associates

As a result of the renovation phase employment, the County would receive approximately \$36,947 in new sales tax revenue from the economic impacts of renovation.

⁷ 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)

CAMOIN ASSOCIATES

SALES TAX REVENUE – EMPLOYEE EARNINGS

The 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 10 displays the annual tax revenue that the County will receive.

Table 10

| Annual Sales Tax Revenue, On-Site Operations | | |
|---|----|------------|
| Total New Earnings | \$ | 70,045,644 |
| Amount Spent in County (70%) | \$ | 49,031,951 |
| Amount Taxable (25%) | \$ | 12,257,988 |
| County Sales Tax Rate | | 4.25% |
| New County Tax Revenue | \$ | 520,964 |

Source: Nassau County, Camoin Associates

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.

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Leading action to grow your economy

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PREPARED FOR:

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

Economic and Fiscal Impact

STEEL K, LLC – PHASE II

Nassau County
Industrial Development Agency

MARCH 11, 2022

PREPARED BY:



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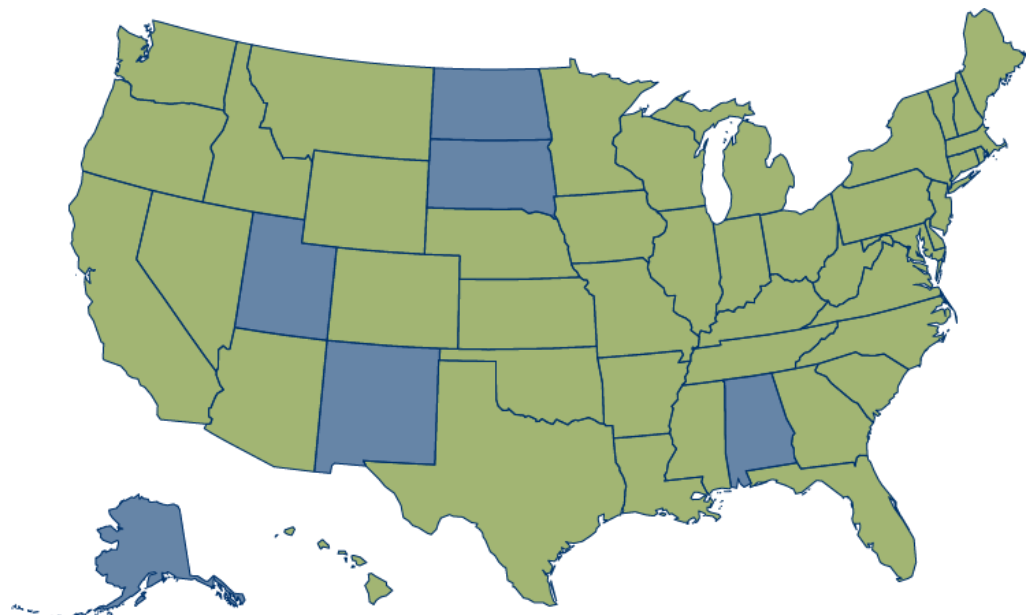
CAMOIN ASSOCIATES

ABOUT CAMOIN ASSOCIATES

Camoin Associates 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 44 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

Jessica Tagliafierro
Senior Analyst



ABOUT THE STUDY

Camoin Associates was retained by the Nassau County Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed Steel K, LLC which entails the renovation of a 200,739 square foot facility at 147, 165, 185, 205, and 215 East 2nd Street, Mineola, Town of North Hempstead, New York.

The goal of this analysis is to provide a complete assessment of the total economic, employment and tax impacts of the project on Nassau County that result from the construction phase 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, new jobs, and PILOT schedule information.

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 Associates 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:
Steel K, LLC Application for Assistance and the Nassau County Industrial Development Agency

Geography:
Nassau County

Study Period:
2021

Modeling Tool:
Emsi

DIRECT IMPACTS

This initial round of impacts is generated as a result of spending on renovations and operations.

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.

INDUCED IMPACTS

Impacts that result from spending by facility employees 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.

CONTENTS

| | |
|--|----|
| EXECUTIVE SUMMARY | 1 |
| ECONOMIC IMPACT ANALYSIS | 3 |
| FISCAL IMPACT ANALYSIS | 5 |
| ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?..... | 10 |

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EXECUTIVE SUMMARY

The Nassau County Industrial Development Agency (the “Agency”) received an application for financial assistance from Steel K, LLC (the “Applicant”) for the proposed renovation of a 200,739 square foot industrial facility (the “Project”) at 147, 165, 185, 205, and 215 East 2nd Street, Mineola, Town of North Hempstead, Nassau County, New York (the “Site”). The Project being proposed by the Applicant entails the renovation of the property in five phases along with the acquisition of related furniture, fixtures, and equipment all for use a future tenant as industrial space. The Agency commissioned Camoin Associates to conduct an economic and limited fiscal impact of the Project on Nassau County (the “County”).

This study analyzes the impact that the Project will have on the Nassau County economy and on local municipal revenues, net of any economic activity that would occur even if the Project were not completed. According to the Applicant, the final end use and user has yet to be determined. Based on the size of the space and industry standards of square feet per employee, we assume that there will be 375 jobs on-site once the Project is completed. This study analyzes the impact that the net new jobs would have on the County economy and on municipal revenue sources.

The following is a summary of our findings from this study, with details in the following sections. **PILOT related impacts are specific to Phase II of the Project. All other impacts are inclusive of the entire Project.**

Table 1

Summary of Benefits to County

| Renovation Phase | |
|--|---------------|
| Total Jobs | 68 |
| On-Site Jobs | 48 |
| Total Earnings | \$ 4,967,649 |
| On-Site Earnings | \$ 3,572,958 |
| One-Time Sales Tax Revenue to County | \$ 36,947 |
| Annual Impacts | |
| Total Jobs | 703 |
| Direct Jobs | 375 |
| Indirect and Induced Jobs | 328 |
| Total Earnings | \$ 70,045,644 |
| Direct Earnings | \$ 46,029,868 |
| Indirect and Induced Earnings | \$ 24,015,777 |
| Average Annual Sales Tax Revenue to County | \$ 520,964 |
| Average Annual PILOT Payment | \$ 103,921 |

CAMOIN ASSOCIATES

Renovation Impact

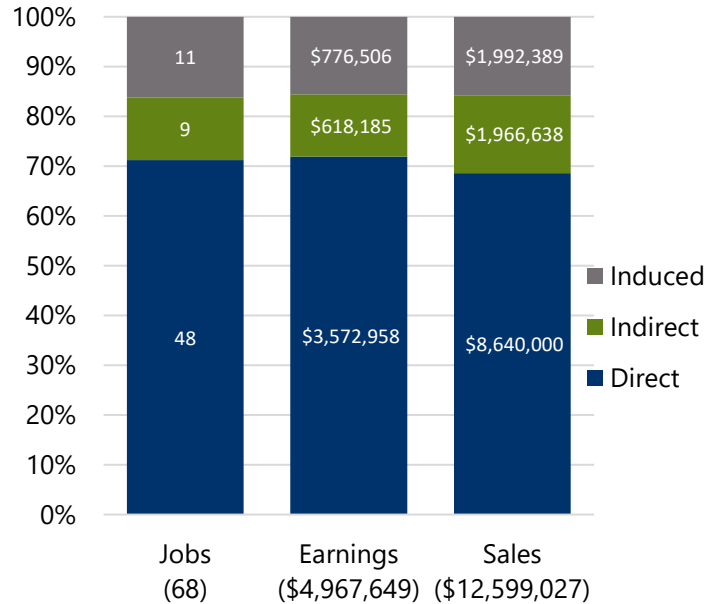
- ◆ The renovation associated with the Project would result in approximately 48 new direct construction jobs generating nearly \$3.6 million in direct new earnings on-site and an additional \$1.4 million in indirect and induced earnings. Figure 1 to the right displays more detail on the economic impact of renovation.
- ◆ Sales associated with the renovation phase would be taxed, and therefore generate sales tax revenue for the County. Sales tax associated with the renovation phase of the Project are estimated to contribute approximately \$36,947 to the County.

Annual Impact

- ◆ The Project would support 703 net new jobs in the county, with over \$70.0 million in associated earnings. Figure 2 summarizes the annual economic impact of the Project.
- ◆ Sales associated with the on-site operations are estimated to generate \$520,964 in sales tax revenue to the county annually.
- ◆ The Applicant has negotiated terms of a proposed PILOT agreement with the Agency, which includes a 20-year PILOT agreement for Phase II. Under this proposed PILOT agreement, the Applicant would pay approximately \$2.1 million over the 20-year PILOT term, or an average of approximately \$103,921 per year (for the second phase, only).
- ◆ Through negotiations with the Agency, the Applicant could have access to a sales tax exemption valued at up to \$327,750 and a mortgage tax exemption valued at up to \$161,400. 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 20-year PILOT agreement for Phase II would be approximately \$39,825 less than the property tax payments generated by the Site if the Project were not to occur. In other words, the PILOT represents a cost to the affected taxing jurisdictions averaging \$1,991 per year.

Figure 1

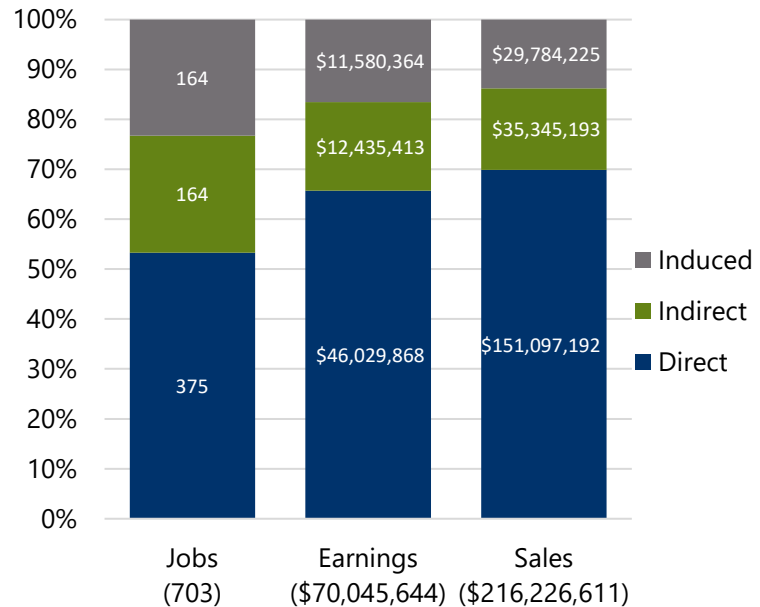
Total Economic Impact - Renovation Phase



Source: Emsi

Figure 2

Total Annual Economic Impact



Source: Emsi

ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated during the renovation phase and Project occupation as provided by the Applicant were used as the direct inputs for the economic impact model. Camoin Associates used the input-output model designed by Economic Modeling Specialist 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.

RENOVATION PHASE IMPACTS

The Applicant anticipates that private sector investment in the renovation of the Project would cost \$10.8 million¹ for all phases. It is assumed that 80%² of the renovation spending would be sourced from within the county, representing \$8.6 million in net new spending in the county associated with the renovation phase of the Project.

Table 2

| Renovation Phase Spending | |
|----------------------------------|---------------|
| Total Renovation Cost | \$ 10,800,000 |
| Percent Sourced from County | 80% |
| Net New Renovation Spending | \$ 8,640,000 |

Source: Applicant, Camoin Associates

Based on \$8.6 million worth of net new direct spending associated with the renovation phase of the Project, we determined that there would be nearly \$12.6 million in total one-time renovation related spending supporting 68 jobs³ over the 4-5 year renovation period throughout the county and nearly \$5.0 million in earnings. Table 3 outlines the economic impacts of renovation.

Table 3

| Economic Impact - Renovation Phase | | | |
|---|--------------|---------------------|-------------------|
| | Jobs | Earnings | Sales |
| Direct | 48 \$ | 3,572,958 \$ | 8,640,000 |
| Indirect | 9 \$ | 618,185 \$ | 1,966,638 |
| Induced | 11 \$ | 776,506 \$ | 1,992,389 |
| Total | 68 \$ | 4,967,649 \$ | 12,599,027 |

Source: EMSI, Camoin Associates

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.

¹ Includes project costs as provided by the Applicant in Part III of the application, excluding land acquisition costs.

² Based on an analysis of the construction industry demand that is met in Nassau County. Source: Emsi.

³ The Applicant projects 125 direct renovation jobs (Schedule C of the application), however we estimate 4 based on \$800,000 in renovation spending.

CAMOIN ASSOCIATES

IMPACTS OF ON-SITE EMPLOYMENT

While the end use and user of the space has yet to be determined, Camoin Associates estimates that based on the square footage and type of space, there will be 375 employees on-site upon completion of all phases of redevelopment.⁴

Using these new jobs as direct inputs into the model, Emsi was used to calculate the economic impacts of the on-site activity. Table 4 details the impact that the on-site activity will have on Nassau County in terms of employment, earnings, and sales.

Table 4

Economic Impact - On-Site Operations

| | Jobs | Earnings | Sales |
|--------------|---------------|----------------------|--------------------|
| Direct | 375 \$ | 46,029,868 \$ | 151,097,192 |
| Indirect | 164 \$ | 12,435,413 \$ | 35,345,193 |
| Induced | 164 \$ | 11,580,364 \$ | 29,784,225 |
| Total | 703 \$ | 70,045,644 \$ | 216,226,611 |

Source: EMSI, Camoin Associates

⁴ Based on the industry standard assumption of 535 square feet per employee in manufacturing space. Source: Institute of Transportation Engineers.

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)⁵ – PHASE II

The Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement. The Applicant has proposed a 20-year payment schedule for Phase II of the Project based on the current tax rate, taxable value, and assessed value of the Project, as shown in Table 5.

Table 5

Tax Payments with PILOT

| Year | PILOT Payments |
|----------------|---------------------|
| 1 | \$ 87,180 |
| 2 | \$ 87,180 |
| 3 | \$ 88,923 |
| 4 | \$ 90,702 |
| 5 | \$ 92,516 |
| 6 | \$ 94,366 |
| 7 | \$ 96,253 |
| 8 | \$ 98,178 |
| 9 | \$ 100,142 |
| 10 | \$ 102,145 |
| 11 | \$ 104,188 |
| 12 | \$ 106,271 |
| 13 | \$ 108,397 |
| 14 | \$ 110,565 |
| 15 | \$ 112,776 |
| 16 | \$ 115,032 |
| 17 | \$ 117,332 |
| 18 | \$ 119,679 |
| 19 | \$ 122,072 |
| 20 | \$ 124,514 |
| Total | \$ 2,078,410 |
| Average | \$ 103,921 |

Source: Nassau County IDA, Camoin Associates

⁵ PILOT and tax information applies to Phase II of the Project, only. All other impacts presented in this analysis represent the entire Project.

CAMOIN ASSOCIATES

TAX POLICY COMPARISON – PHASE II

Without financial assistance from the Agency, Camoin Associates 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%⁶ (holding taxable value constant), the following table outlines the estimated tax payments made by the building owner without the Project:

Table 6

| Tax Payments without Project | |
|-------------------------------------|--|
| Year | Property Tax Payment Without Project* |
| 1 | \$ 87,180 |
| 2 | \$ 88,923 |
| 3 | \$ 90,702 |
| 4 | \$ 92,516 |
| 5 | \$ 94,366 |
| 6 | \$ 96,253 |
| 7 | \$ 98,178 |
| 8 | \$ 100,142 |
| 9 | \$ 102,145 |
| 10 | \$ 104,188 |
| 11 | \$ 106,271 |
| 12 | \$ 108,397 |
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| 14 | \$ 112,776 |
| 15 | \$ 115,032 |
| 16 | \$ 117,332 |
| 17 | \$ 119,679 |
| 18 | \$ 122,072 |
| 19 | \$ 124,514 |
| 20 | \$ 127,004 |
| Total | \$ 2,118,235 |
| Average | \$ 105,912 |

Source: Nassau County IDA, Camoin Associates

***Note:** Assumes an average annual increase of 2.00%

⁶ 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)..

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Table 7 calculates the 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. Over the course of the proposed PILOT term, the average annual collection by local jurisdictions would be approximately \$1,991 less in PILOT revenue than property taxes without the Project. The total cost to the affected taxing jurisdictions of the PILOT agreement over 20 years would be approximately \$39,825.

Table 7

Tax Policy Comparison

| Year | Property Tax Payment Without Project | PILOT Payment | Cost To County of Project |
|----------------|--------------------------------------|---------------------|---------------------------|
| 1 | \$ 87,180 | \$ 87,180 | \$ - |
| 2 | \$ 88,923 | \$ 87,180 | \$ (1,744) |
| 3 | \$ 90,702 | \$ 88,923 | \$ (1,778) |
| 4 | \$ 92,516 | \$ 90,702 | \$ (1,814) |
| 5 | \$ 94,366 | \$ 92,516 | \$ (1,850) |
| 6 | \$ 96,253 | \$ 94,366 | \$ (1,887) |
| 7 | \$ 98,178 | \$ 96,253 | \$ (1,925) |
| 8 | \$ 100,142 | \$ 98,178 | \$ (1,964) |
| 9 | \$ 102,145 | \$ 100,142 | \$ (2,003) |
| 10 | \$ 104,188 | \$ 102,145 | \$ (2,043) |
| 11 | \$ 106,271 | \$ 104,188 | \$ (2,084) |
| 12 | \$ 108,397 | \$ 106,271 | \$ (2,125) |
| 13 | \$ 110,565 | \$ 108,397 | \$ (2,168) |
| 14 | \$ 112,776 | \$ 110,565 | \$ (2,211) |
| 15 | \$ 115,032 | \$ 112,776 | \$ (2,256) |
| 16 | \$ 117,332 | \$ 115,032 | \$ (2,301) |
| 17 | \$ 119,679 | \$ 117,332 | \$ (2,347) |
| 18 | \$ 122,072 | \$ 119,679 | \$ (2,394) |
| 19 | \$ 124,514 | \$ 122,072 | \$ (2,441) |
| 20 | \$ 127,004 | \$ 124,514 | \$ (2,490) |
| Total | \$ 2,118,235 | \$ 2,078,410 | \$ (39,825) |
| Average | \$ 105,912 | \$ 103,921 | \$ (1,991) |

Source: Nassau County IDA, Camoin Associates

CAMOIN ASSOCIATES

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 8

Summary of Costs to County

| | |
|------------------------|------------|
| Sales Tax Exemption | \$ 327,750 |
| Mortgage Tax Exemption | \$ 161,400 |

Source: Applicant, Camoin Associates

The additional incentive offered by the Agency 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 – RENOVATION PHASE

The one-time renovation phase earnings described by the total economic impact of the renovation work (described in above section) would lead to additional sales tax revenue for the County. It is assumed that 70%⁷ of the renovation phase earnings would be spent within Nassau County and that 25% of those purchases would be taxable.

Table 9

One Time Sales Tax Revenue, Renovation Phase

| | |
|------------------------------|--------------|
| Total New Earnings | \$ 4,967,649 |
| Amount Spent in County (70%) | \$ 3,477,354 |
| Amount Taxable (25%) | \$ 869,339 |
| County Sales Tax Rate | 4.25% |
| New County Tax Revenue | \$ 36,947 |

Source: Nassau County, Camoin Associates

As a result of the renovation phase employment, the County would receive approximately \$36,947 in new sales tax revenue from the economic impacts of renovation.

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| County Sales Tax Rate | | 4.25% |
| New County Tax Revenue | \$ | 520,964 |

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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.

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PAYMENT IN LIEU OF TAXES AGREEMENT

THIS PAYMENT IN LIEU OF TAXES AGREEMENT (this “Agreement”), made as of April 1, 2022, by and among **STEEL SAW, LLC**, a limited liability company organized and existing under the laws of the State of Delaware and authorized to do business in the State of New York, having an office at 999 South Oyster Bay Road, Suite 200, Bethpage, NY 11714 (the “Obligor” or “Company”) and 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, NY 11501 (the “Agency”). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Lease Agreement (as hereinafter defined).

WITNESSETH

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

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

WHEREAS, Steel K LLC on behalf of itself and entities formed or to be formed on its behalf, (together with the Obligor, the “Applicant”), 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, in up to five (5) phases, of a 6.46 acre parcel of land located at 147, 165, 185, 205 and 215 East 2nd Street, and n/a Union Street, Village of Mineola, Town of North Hempstead, Nassau County, New York (Section: 9; Block: 437; Lot: 346-347 and 459-465 and Section: 9; Block: 300; Lot: 42-44) (the “Overall Land”), (2) the renovation, in up to five (5) phases, of five existing, in total, approximately 200,739 square foot buildings (collectively, the “Overall Building”) on the Overall Land, together with related improvements to the Overall Land, including surface parking spaces, (3) the acquisition of certain furniture, fixtures, machinery and equipment (the “Equipment”) necessary for the completion thereof (collectively, the “Overall Project Facility”), all of the foregoing for use as a multi-tenant commercial office/industrial facility; (B) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the General Municipal Law) with respect to the foregoing in the form of potential exemptions or partial exemptions from real property taxes, mortgage recording taxes and sales and use taxes

(collectively, the “Financial Assistance”); and (C) the lease (with an obligation to purchase), license or sale of that portion of the Overall Project Facility located at 215 East 2nd Street, Mineola, NY, known by Nassau County Tax Map Numbers Section 9, Block 437 and Lots 464 & 465 (the “Project Facility”), to the Applicant or such other entity as may be designated by the Applicant and agreed upon by the Agency; and

WHEREAS, the Obligor, which is the fee owner of the Project Facility, proposed that the Obligor be the sublessee of the Project Facility and the Agency has approved such proposal; and

WHEREAS, the Agency is or will be the holder of a leasehold interest in the Project Facility pursuant to a certain Company Lease Agreement of even date herewith (as amended, modified, supplemented or restated from time to time, the “Company Lease”), between the Obligor and the Agency; and

WHEREAS, the Agency proposes to undertake the Project as an authorized project under the Act and to sublease its interest in the Project Facility to the Obligor pursuant to a Sublease Agreement of even date herewith between the Agency and the Obligor (as amended, modified, supplemented or restated from time to time, the “Lease Agreement”); and

WHEREAS, the payment and performance of the Obligor’s obligations under this Agreement shall be secured by a Mortgage and Assignment of Leases and Rents of even date herewith (as amended, modified, supplemented or restated from time to time, the “PILOT Mortgage”) from the Obligor and the Agency, as mortgagor, to the County of Nassau (the “PILOT Mortgagee”), its successors and assigns, as mortgagee, pursuant to which the Agency and the Obligor grant a first mortgage lien on the Project Facility to the PILOT Mortgagee; and

WHEREAS, under the present provisions of the Act and under the present Section 412-a of the Real Property Tax Law of the State of New York (the “RPTL”), the Agency is required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction or supervision or under its control;

NOW, THEREFORE, in consideration of the premises and the payments, agreements, and covenants hereinafter contained, the Obligor and the Agency covenant and mutually agree as follows:

Section 1. Tax-Exempt Status of Facility.

A. Application.

(1) The Obligor shall complete, and the Agency shall file, an application for tax exemption pursuant to Section 412-a of the RPTL (the “Application”). The Application shall be filed with the assessor for each of the various taxing entities having jurisdiction over the Project Facility, including, without limitation, the County of Nassau (the “County”) and each city, town, village and school district within which the Project Facility is located (such taxing entities, and any successors thereto, being hereinafter collectively referred to as the “Taxing Entities” and each individually as a “Taxing Entity”). The Project Facility shall not be entitled to exempt status on the tax rolls of any Taxing Entity until the beginning of the first fiscal tax year of such Taxing Entity following the first taxable status date of such Taxing

Entity occurring subsequent to the last to occur of (i) the Agency becoming the holder of a leasehold interest in the Project Facility, (ii) the filing by the Agency of the appropriate Application for tax exemption, and (iii) the acceptance of such Application by the appropriate tax assessor(s) (such date, the “PILOT Commencement Date”).

(2) The Obligor hereby waives any claim or cause of action against the Agency, and releases the Agency from any liability to the Obligor, arising from any denial of an exemption from real property taxes and assessments, except to the extent that such denial results solely from the willful failure of the Agency, after demand by the Obligor, to file the completed Application for tax exemption as set forth in this Agreement.

B. Special Assessments. The parties hereto understand that the tax exemption extended to the Agency by Section 874 of the General Municipal Law of the State of New York and Section 412-a of the RPTL may not entitle the Agency to exemption from special assessments and special ad valorem levies. Pursuant to the Lease Agreement and the other Transaction Documents, the Obligor will be required to pay all special assessments and special ad valorem levies levied and/or assessed against or with respect to the Project Facility, subject to Section 2(B)(3) hereof.

C. Other Charges. If any taxes, assessments, service charges or other governmental charges become payable by the Obligor or the Agency on the Project Facility or the rental paid pursuant to the Lease Agreement or the occupancy of or any interest of the Obligor or the Agency in the Project Facility or any part thereof or any personal property used in connection with the business conducted and located therein, the amount of any such taxes, assessments or charges shall be paid by the Obligor as and when due. Furthermore, water charges, sewer rentals, sewage treatment charges, solid waste charges and any other charges in the nature of utility charges shall be paid as and when due directly by the Obligor and shall not be credited against nor be affected in any manner by any payment in lieu of real property taxes and assessments in any year and shall be computed pursuant to the formula adopted by the relevant Taxing Entity.

Section 2. Payments.

A. Tax Payments. Prior to the PILOT Commencement Date, the applicable real property taxes and assessments levied and/or assessed against or with respect to the Project Facility shall be payable in full by the Obligor to the applicable Taxing Entity as if the Agency were not the holder of a leasehold interest in the Project Facility or otherwise involved in the Project.

B. PILOT Payments.

(1) From the PILOT Commencement Date through and including the last day of the twentieth (20th) fiscal tax year thereafter (such date, the “Abatement Expiration Date” and such period, the “Term”), the Obligor shall make payments in lieu of real property taxes and assessments levied and/or assessed by the Taxing Entities against the Project Facility as set forth on Schedule B hereto, subject to the provisions of Section 2(B)(3) hereof.

The payments in lieu of real property taxes and assessments levied and/or assessed by the Taxing Entities against the Project Facility pursuant to clause (1) above are referred to herein as the “PILOT Payments.”

(2) From and after the Abatement Expiration Date, and until the Agency’s interest in the Project Facility is conveyed to the Obligor pursuant to the terms of the Lease Agreement and the Project Facility has been returned to the tax rolls as fully taxable property, the Obligor shall make PILOT Payments equal to one hundred percent (100%) of the amount of real property taxes and assessments that would have been levied and/or assessed against or with respect to the Project Facility as if the Project Facility were owned by the Obligor and the Agency were not otherwise involved in the Project.

“PILOT Obligations” shall mean all amounts required to be paid by the Obligor under this Agreement, including, without limitation, those amounts set forth in Sections 2(A) and 2(B) hereof.

(3) Any provision of this Agreement to the contrary notwithstanding, the amount of PILOT Payments set forth in Section 2(B)(1) hereof for each fiscal tax year from the PILOT Commencement Date through the Abatement Expiration Date, shall be reduced (but not below \$0) by the amount, if any, of special assessments and special ad valorem levies assessed against or levied upon the Project Facility for such fiscal tax year (collectively, “Special Assessments”), whether by the Nassau County Tax Assessor’s Office or otherwise, which Special Assessments would otherwise be payable by the Obligor pursuant to this Agreement. The amount of any such reduction of a PILOT Payment shall be set forth on the applicable PILOT bill issued with respect to such fiscal tax year, if any, but the failure of the Obligor to receive such bill shall in no event affect the Obligor’s obligation to pay such PILOT Payment. In the event that (i) the amount of Special Assessments for a particular fiscal tax year exceeds the amount of the PILOT Payment for such fiscal tax year (such excess is hereinafter referred to as an “SA Credit”), or (ii) the amount of PILOT Payments for a particular fiscal tax year are not reduced by the amount of Special Assessments for such fiscal tax year (the amount of such Special Assessments is hereinafter referred to as an “SA Reduction”), then the amount of such SA Credit or SA Reduction, as the case may be, shall be carried over as a credit for the following fiscal tax year(s); provided, however, that if there is an unused SA Credit at the end of the Term of this Agreement, then the Obligor shall not be entitled to (a) take such SA Credit against any further payments hereunder or against real property taxes assessed against the Project Facility, or (b) an extension of the Term of this Agreement.

C. Payments.

(1) Amounts due and payable under this Agreement shall be payable to the Treasurer of the County of Nassau (the “Treasurer”), One West Street, 1st floor, Mineola, NY 11501, or at such other address as the Treasurer may notify the Obligor of in writing.

(2) All PILOT Payments hereunder shall be allocated among the affected tax jurisdictions in proportion to the amount of real property and other taxes and assessments that would have been received by each Taxing Entity had the Project Facility not been tax exempt due to the status of the Agency. This provision constitutes the formula for the

calculation of the amounts of the PILOT Payments for each Taxing Entity as required by Section 859-a(6) of the General Municipal Law.

D. Due Dates; Interest; and Penalties.

(1) The Obligor may be billed for PILOT Payments as if the Project Facility were on the tax rolls at the time when taxes for each Taxing Entity are due.

(2) If any payment required under this Agreement is not made on or before the due date thereof, such payment shall be delinquent and the unpaid amount(s) shall accrue interest (and penalties) at the rates applicable to late payments of taxes for the respective Taxing Entities and as further provided in the General Municipal Law, including Section 874(5) thereof, which currently provides for a late charge equal to the greater of (a) five (5%) percent of the unpaid amount for the first month, and for each month, or part thereof, that the payment is delinquent beyond the first month, an additional late charge equal to one (1%) percent per month of the total amount payable; and (b) the late charge applicable from time to time to real property tax levies and assessments that are not paid when due. The Obligor agrees to pay all such late charges, interest and penalties when due.

(3) Anything contained in this subparagraph to the contrary notwithstanding, the Obligor shall have the obligation to make all payments of PILOT Obligations (other than payments of penalties, if any), in (a) two equal semi-annual installments on or prior to the date which is five (5) Business Days prior to January 1 and July 1 for the General Tax portion of the PILOT Obligations, (b) two equal semi-annual installments on or prior to the date which is five (5) Business Days prior to October 1 and April 1 for the School Tax portion of the PILOT Obligations, and (c) one annual installment on or prior to the date which is five (5) Business Days prior to July 1 for the Village Tax portion of the PILOT Obligations as applicable, of each year of the term of the Lease Agreement or on such other due dates as may be established by the Agency or the Treasurer from time to time during the term of the Lease Agreement.

E. Partial Sale; Transferee's Obligation; Apportionment of Reduction to Local Taxing Entities. During the Term of this Agreement, in the event that the Agency's interest in the Project Facility, or any portion thereof or interest therein, is sold, transferred, assigned or otherwise disposed of by the Agency in accordance with the Lease Agreement, the transferees thereof will thereafter pay the real property taxes and assessments on such land located at 215 East 2nd Street, Mineola, NY, known by Nassau County Tax Map Numbers Section 9, Block 437 and Lots 464 & 465 (the "Land") and the building located on the Land (the "Building") and any Additional Facilities (as hereinafter defined) located on the Land, or on such portion of the Land, that was sold, transferred, assigned or otherwise disposed of, as may be required by applicable law.

F. Sale; Obligor's Obligation. In the event that the Agency sells, transfers, assigns or otherwise disposes of its interest in the Project Facility to any party other than the Obligor, the Obligor's obligation for PILOT Obligations shall be prorated to the date of the closing of the transaction and thereupon all obligations of the Obligor for payment of PILOT Obligations shall cease, but the Agency shall take such steps with the transferee or assignee other

than the Obligor to assure that each of the Taxing Entities shall suffer no loss of revenue until the Project Facility can be placed back on the tax rolls as fully taxable real property and taxes levied and billed therefor.

Section 3. Effective Date: Duration of Agreement.

This Agreement shall become effective upon the execution and delivery of the Lease Agreement by the Obligor and the Agency and this Agreement by the Obligor and the Agency and the execution and delivery of the Company Lease from the Obligor to the Agency and shall continue in effect until the earlier of (i) the termination of this Agreement pursuant to the terms of the Lease Agreement or of this Agreement, or (ii) the date on which the Company Lease and the Lease Agreement are terminated pursuant to the Lease Agreement or this Agreement and the Project Facility has been placed back on the tax rolls as taxable property.

Section 4. Events of Default.

The following shall constitute an "Event of Default" under this Agreement:

A. Failure by the Company to make any payment specified herein and the continuance of such failure for a period of fifteen (15) days after receipt by the Company of written notice from the Agency, the County and/or any Taxing Entity.

B. Failure by the Company to comply with or perform any provision of this Agreement other than the payment provisions hereof and the continuance of such failure for a period of thirty (30) days after receipt by the Company of written notice thereof from the Agency or, if such default is capable of being cured but cannot be cured within such thirty (30) day period, the failure of the Obligor to commence to cure such default within such thirty (30) day period or to prosecute such cure to completion, provided in no event shall such additional cure period exceed sixty (60) days without consent of the Agency.

C. The occurrence of an Event of Default under the Uniform Project Agreement, Company Lease, the Lease Agreement or any other agreement between the Agency and the Company.

If the Obligor fails to make any payments pursuant to this Agreement when due, the amount or amounts so in default shall continue as an obligation of the Obligor until fully paid.

Upon the occurrence and during the continuance of an Event of Default hereunder, the Obligor shall be required to make PILOT Payments as if the Project Facility were owned by the Obligor and the Agency was not otherwise involved in the Project, such amounts to commence to be paid for the period subsequent to the date it is determined by the Agency that there is an Event of Default hereunder. In such event, the tax rate, interest and penalties shall be those then in effect in the Taxing Entities in which the Project Facility is located.

Upon the occurrence and continuance of an Event of Default hereunder, (i) the Agency shall be entitled to sue to enforce any provision of this Agreement and to recover the payments of PILOT Obligations in default from the Obligor, together with all the costs and expenses of the Agency, its successors or assigns, paid or incurred in such recovery (including

court costs and attorneys' fees and expenses) and interest at the rate charged by the respective Taxing Entities on overdue payments of taxes, and (ii) the Agency shall have the right to terminate the Company Lease and the Lease Agreement at any time, and the Obligor shall accept such termination and any tender of reconveyance from the Agency of its interest in the Project Facility.

The Agency, in enforcing payment by the Obligor of the PILOT Obligations, may take whatever action and exercise any or all of the rights and remedies specified in this Agreement or any other remedy provided by law.

Each and every Event of Default shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

No delay or omission in exercising any right or power accruing upon the occurrence of any Event of Default hereunder shall impair any such right or 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. Further, no payment by the Agency or receipt by the Agency or a Taxing Entity of a lesser amount than the correct amount or manner of payment due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and the Agency and/or any Taxing Entity may accept any check or payment as made without prejudice to the right to recover the balance or pursue any other remedy in this Agreement or otherwise provided at law or in equity.

In no event shall the Agency be liable to any of the Taxing Entities for the payments specified herein, whether or not the Obligor makes such payments. The Obligor hereby agrees to indemnify, defend (with counsel selected by the Agency) and hold harmless the Agency and its officers, members, agents (other than the Obligor), attorneys, servants and employees, past, present and future, against any such liability for such payments and against all penalties, interest, and other charges resulting from the delinquency of such payments.

The Agency and the Obligor hereby acknowledge the right of the County, as beneficiary of this Agreement (on behalf of itself and all other Taxing Entities), to pursue any appropriate remedies, including an action or proceeding in the courts, to recover directly from the Obligor any payments of PILOT Obligations in default hereunder and/or to exercise its rights and remedies under the PILOT Mortgage. The Obligor shall promptly notify the Agency of any action or proceeding brought, or other measure taken, by a Taxing Entity to recover such payments in default hereunder. It is understood that the right of any Taxing Entity herein acknowledged is in addition to, and shall not impair, the Agency's own rights arising from a breach of this Agreement.

In the event that any interest in and to the Project Facility is conveyed by the Obligor or title to the Project Facility is conveyed by the Obligor to any other party prior to expiration of the term of the Lease Agreement (other than transfers expressly permitted under the Lease Agreement or otherwise consented to by the Agency), this Agreement shall, at the option of the Agency, become null and void and any remaining tax abatement hereunder shall be canceled.

The rights, powers and remedies of the Agency and the County under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which the Agency or the County may have against the Obligor pursuant to this Agreement or the other Transaction Documents, or existing at law or in equity or otherwise. The respective rights, powers and remedies of the Agency and the County hereunder may be pursued singly, concurrently or otherwise, at such time and in such order as the Agency or the County may determine in its sole discretion. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Event of Default with respect to the Obligor shall not be construed to be a waiver of any subsequent Event of Default by the Obligor or to impair any remedy, right or power consequent thereon.

Section 5. Additional Facilities.

If any structural additions or change in use to a use shall be made to the buildings or other improvements included in the Project Facility subsequent to the date hereof (other than the initial construction of the Building contemplated by the Project), or if any additional buildings or improvements shall be constructed on the Land other than the Building (such change of use, new structures, structural additions, buildings and improvements being referred to hereinafter as “Additional Facilities”), the Obligor agrees that its PILOT Obligations hereunder shall be increased by an amount, as determined by the Agency or a tax assessor selected by the Agency, equal to the increased tax payments, if any, that would have been payable on such increase if this Agreement were not in effect. Nothing herein shall constitute the Agency’s consent to the construction of any such additions or additional buildings or improvements or to such change of use.

Section 6. Change of Law.

In the event the Project Facility, or any part thereof, is declared to be subject to taxation for real property taxes or assessments by an amendment to the Act, other legislative change or a final judgment of a court of competent jurisdiction, the obligations of the Obligor hereunder shall, to such extent, be null and void. If the Obligor has already paid any amounts under this Agreement for any period that the Obligor is required to pay taxes or assessments because of such amendment, legislative or final judgment (collectively, “Prior Payments”), then the Obligor shall look to the Taxing Authorities for repayment of the Prior Payments or a credit in the amount of the Prior Payments against taxes payable to the relevant Taxing Entity but in no event shall the Obligor look to the Agency for a refund of the Prior Payments.

Section 7. Waiver of Tax Exemption.

The Obligor, in recognition of the benefits provided under this Agreement, and for so long as the Lease Agreement is in effect, hereby expressly waives any rights it may have for any exemption under Section 485-b of the RPTL or any other exemption under any other law or regulation (except, however, for the exemption provided under Article 18-A of the General Municipal Law) with respect to the Project Facility.

The Obligor, in recognition of the benefits provided under this Agreement and the Lease Agreement, hereby expressly waives the right to institute judicial or other review of an assessment of the real property with respect to the Project Facility, whether pursuant to the provisions of Article 7 of the RPTL or other applicable law, as the same may be amended from time to time, with respect to any fiscal tax year from and after the PILOT Commencement Date. Notwithstanding the foregoing, during the final three (3) years of the term of this Agreement, the Obligor shall have the right to institute judicial or other review of the assessed value of the real property with respect to the Project Facility, whether pursuant to the provisions of Article 7 of the RPTL or other applicable law, as the same may be amended from time to time; provided, however, that no such judicial or other review or settlement thereof shall have any effect on the Obligor's obligations under this Agreement, including, without limitation, the Obligor's obligation to make the PILOT Payments when due. Such judicial or other review shall only be for purposes of setting the assessed value of the Project Facility as though the Project Facility was on the tax rolls of each Taxing Entity as taxable real property but shall have no effect on this Agreement or the tax-exempt status of the Project Facility during the term of this Agreement.

In addition, the Obligor hereby represents and warrants that it has stipulated to the discontinuance (with prejudice) of all pending tax certiorari proceedings, if any, with respect to the Project Facility on or before the date hereof, except with respect to any tax year beginning prior to the PILOT Commencement Date [subject to Agency signoff to allow this].

Section 8. Delivery of PILOT Statement.

The Obligor shall deliver to the Comptroller of the County of Nassau, on or before the dates set forth for payment of the PILOT Obligations in Section 2 hereof, in each year during the term of the Lease Agreement, a verified statement setting forth the amount of such payments and the dates of such payments.

Section 9. Limited Obligation.

The obligations, covenants and agreements of the Agency hereunder shall not constitute or give rise to an obligation of the State of New York, the County, or any city, town, village or school district within which the Project Facility is located and neither the State of New York, the County, nor any such city, town, village or school district shall be liable thereon, and further, such obligations, covenants and agreements shall not constitute or give rise to a general obligation of the Agency.

Section 10. No Waiver.

Failure by the Agency in any instance to insist upon the strict performance of any one or more of the obligations of the Obligor under this Agreement, or to exercise any election herein contained, shall in no manner be or be deemed to be a waiver by the Agency of any of the Obligor's defaults or breaches hereunder or of any of the rights and remedies of the Agency by reason of such defaults or breaches, or a waiver or relinquishment of any and all of the Obligor's obligations hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing. Further, no payment by the Obligor or receipt by the Agency of a lesser amount than the correct amount or manner of payment due

hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and the Agency may accept any check or payments as made without prejudice to the right to recover the balance or pursue any other remedy in this Agreement or otherwise provided at law or in equity.

Section 11. Notices.

A. All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given on the earlier of (1) three (3) Business Days after being sent to the applicable address stated below by registered or certified mail, return receipt requested, or two (2) Business Days after being sent by nationally recognized overnight courier service, or (2) the date on which delivery is refused by the addressee, as evidenced by the affidavit of the Person who attempted to effect such delivery.

The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

To the Agency:

Nassau County Industrial Development Agency
One West Street
Mineola, NY 11501
Attention: 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 Obligor:

STEEL SAW, LLC
999 South Oyster Bay Road, Suite 200
Bethpage, New York 11714

With a copy to:

Forchelli Deegan Terrana LLP
333 Earle Ovington Blvd, Suite 1010
Uniondale, NY 11553
Attn: Daniel P. Deegan, Esq.

Section 12. Change of Address.

The Agency or the Obligor may, by notice given hereunder to each other, designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent.

Section 13. Assignment of Agreement.

This Agreement shall be binding upon the successors and permitted assigns of the Obligor but no assignment shall be effective to relieve the Obligor of any of its obligations hereunder unless expressly authorized and approved in writing by the Agency. The rights and obligations of the Obligor hereunder may not be assigned except in connection with a permitted assignment of the Obligor's interest in and to the Lease Agreement. Nothing herein is intended to be for, or to inure to, the benefit of any Person other than the parties hereto, the County and the other Taxing Entities.

Section 14. Independent Agreement.

Notwithstanding any other provision of this Agreement, including the recitals hereof, the parties agree that the Lease Agreement executed between the parties thereto shall be a separate and independent document from this Agreement, and irrespective of whether any provision of this Agreement or the entirety hereof shall be held invalid or unenforceable by any court of competent jurisdiction, the Lease Agreement shall be construed, interpreted, and otherwise regarded separate and apart from this Agreement. The parties hereto specifically note that the considerations and terms provided for in this Agreement and provided for in the Lease Agreement are the only considerations and terms for which the parties thereto have executed this Agreement.

Section 15. Invalidity.

If any one or more phrases, sentences, clauses or provisions of this Agreement or the entirety hereof shall be declared invalid or unenforceable by any order, decree or judgment of any court of competent jurisdiction, then such phrase, sentence, clause or provision or the entirety of this Agreement shall be deemed to be reformed in such manner as shall be determined by such court, or in the absence of such a determination then in the reasonable judgment of the Agency, to render such phrase, sentence, clause or provision of this Agreement valid and enforceable under applicable law. The parties hereto agree to enter into such documents, agreements and instruments as the Agency reasonably determines are necessary to effect any such reformation. In the event that any one more of the phrases, sentences, clauses or provisions of this Agreement cannot be reformed to comply with applicable law, then this Agreement shall be construed as if such phrase, sentence, clause or paragraph had not appeared in this Agreement.

Section 16. Amendments.

This Agreement may not be modified, amended, supplemented, or changed without the written consent of the Agency and the Obligor.

Section 17. Prior Agreements.

This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, whether written or oral, among the parties with respect to the subject matter hereof.

Section 18. Delivery of Agreement.

The Agency covenants to use reasonable efforts to deliver to each Taxing Entity a copy of this Agreement within fifteen (15) days after its execution.

Section 19. Counterparts.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 20. Service of Process; Consent to Jurisdiction; Forum.

A. The Obligor represents that it is subject to service of process in the State of New York and covenants that it will remain so subject so long as the Lease Agreement shall be in effect. If for any reason the Obligor should cease to be so subject to service of process in the State of New York, the Obligor hereby designates and appoints, without power of revocation, Daniel P. Deegan, Esq., Forchelli Deegan Terrana LLP, 333 Earle Ovington Blvd, Suite 1010, Uniondale, NY 11553, as agent for service of process, and if such agent shall cease to act or otherwise cease to be subject to service of process in the State of New York, the Secretary of State of the State of New York, as the agents of the Obligor upon whom may be served all process, pleadings, notices or other papers which may be served upon the Obligor as a result of any of its obligations under this Agreement; provided, however, that the serving of such process, pleadings, notices or other papers shall not constitute a condition to the Obligor's obligations hereunder.

B. The Obligor irrevocably and unconditionally (1) agrees that any suit, action or other legal proceeding arising out of this Agreement or the other Transaction Documents may be brought in the courts of record of the State of New York in Nassau County or the courts of the United States, Eastern District of New York; (2) consents to the jurisdiction of each such court in any such suit, action or proceeding; and (3) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts. For such time as the Lease Agreement is in effect, the Obligor's agents designated above shall accept and acknowledge in the Obligor's behalf service of any and all process in any such suit, action or proceeding brought in any such court. The Obligor agrees and consents that any such service of process upon such agents and written notice of such service to the Obligor in the manner set forth in Section 11 hereof shall be taken and held to be valid personal service upon the Obligor whether or not the Obligor shall then be doing, or at any time shall have done, business within the State of New York and that any such service of process shall be of the same force and validity as if service were made upon the Obligor according to the laws governing the validity and requirements of such service in the State of New York, and waives all claim of error by reason of any such service. Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Obligor or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Obligor.

Section 21. Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, as the same may be in effect from time to time, without regard to principles of conflicts of laws.

Section 22. Nature of Obligations.

This Agreement shall remain in full force and effect until each and every one of the PILOT Obligations shall have been irrevocably paid in full and all other obligations of the Obligor under this Agreement shall have been paid and performed in full.

If the Obligor consists of more than one (1) Person, the obligations of the Obligor under this Agreement shall be joint and several.

Section 23. Indemnification.


The Obligor agrees to indemnify, defend (with counsel selected by the Agency and reasonably acceptable to the Obligor) and hold harmless the Agency and its officers, members, agents (other than the Obligor), attorneys, servants and employees, past, present and future, against any liability arising from any default by the Obligor in performing its obligations hereunder or any expense incurred hereunder, including, without limitation, any expenses of the Agency and reasonable attorneys' fees and expenses.

[Remainder of this page intentionally left blank]

[Signature Page to Payment in Lieu of Taxes Agreement]

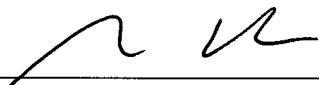
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: 

Harry Coghlan
Chief Executive Officer / Executive Director

STEEL SAW, LLC

By: 

Glenn Lostritto
Managing Member

SCHEDULE A

DESCRIPTION OF THE LAND

SCHEDULE A – DESCRIPTION

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Incorporated Village of Mineola, and Town of North Hempstead, County of Nassau and State of New York, more particularly known and designated as follows:

Lots Numbered 116 to 121 inclusive in Block 27, on a certain map entitled, Map of Mineola Manor, situated at Mineola, Nassau County, New York, owned by Loma Holding Corporation, New York City, Map November 1925, Geo A. Fairfield, Civil Engineers, Mineola, N.Y. and filed in the Nassau County Clerk's Office November 19, 1925 as Map No. 581, New No. 590, bounded and described as follows:

BEGINNING at a point on the southerly side of East Second Street, distant 2120 feet easterly from the corner formed by the intersection of the southerly side of East Second Street with the easterly side of Roslyn Road;

RUNNING THENCE North 82 degrees 08 minutes 10 seconds East along the southerly side of East Second Street, 120 feet;

THENCE South 7 degrees 51 minutes 50 seconds East 286 feet to land of the Long Island Railroad;

THENCE South 82 degrees 08 minutes 10 seconds West along said last mentioned land, 120 feet;

THENCE North 7 degrees 51 minutes 50 seconds West, 286 feet to the southerly side of East Second Street, at the point or place of BEGINNING.

SCHEDULE B

PILOT PAYMENT SCHEDULE

Term:

| <u>Tax Year¹</u> | <u>Total PILOT Payment</u> |
|---|----------------------------|
| 2024 General / 2023/24 School & Village | \$87,180 |
| 2025 General / 2024/25 School & Village | \$87,180 |
| 2026 General / 2025/26 School & Village | \$88,923 |
| 2027 General / 2026/27 School & Village | \$90,702 |
| 2028 General / 2027/28 School & Village | \$92,516 |
| 2029 General / 2028/29 School & Village | \$94,366 |
| 2030 General / 2029/30 School & Village | \$96,253 |
| 2031 General / 2030/31 School & Village | \$98,178 |
| 2032 General / 2031/32 School & Village | \$100,142 |
| 2033 General / 2032/33 School & Village | \$102,145 |
| 2034 General / 2033/34 School & Village | \$104,188 |
| 2035 General / 2034/35 School & Village | \$106,271 |
| 2036 General / 2035/36 School & Village | \$108,397 |
| 2037 General / 2036/37 School & Village | \$110,565 |
| 2038 General / 2037/38 School & Village | \$112,776 |
| 2039 General / 2038/39 School & Village | \$115,032 |
| 2040 General / 2039/40 School & Village | \$117,332 |
| 2041 General / 2040/41 School & Village | \$119,679 |
| 2042 General / 2041/42 School & Village | \$122,072 |
| 2043 General / 2042/43 School & Village | \$124,514 |

¹ Actual PILOT Commencement Date is subject to timely acceptance of the Application by the appropriate tax assessor(s).

EXHIBIT B

FORMS OF ANNUAL
EMPLOYMENT REPORT

NASSAU IDA JOB CONFIRMATION FORM 2022

1. Sales Tax Abatement Information

Did your company receive Sales Tax Abatement on your Project during 2022?

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 2022 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 2022?

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 2022, the answer should be NO)

b) Amount of the mortgage recording tax that was abated during 2022:

\$ _____

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 Overall 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 2022) of full time equivalent ("FTE") jobs (including both retained and newly created jobs) at the Overall 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 or Range of Salary | Avg. Fringe Benefits or Range of Benefits |
|-----------------|------------|--|--|
| Management | _____ | _____ | _____ |

| | | | |
|-------------------------------------|----------------------|-------|-------|
| Professional | _____ | _____ | _____ |
| Administrative | _____ | _____ | _____ |
| Production | _____ | _____ | _____ |
| Supervisor | _____ | _____ | _____ |
| Laborer | _____ | _____ | _____ |
| Independent Contractor ¹ | _____ | _____ | _____ |
| Other | _____ | _____ | _____ |
| TOTAL | <input type="text"/> | | |

- b) Number of the foregoing jobs that were (as of 12/31/22) filled by residents of the Local Market Area (i.e., Nassau and Suffolk Counties): _____
- c) **Please attach (1) the 2022 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 12/31/22.**
- d) Number of FTE construction jobs during 2022: _____
- e) Average Salary of construction jobs during 2022: _____
- f) Number of FTE jobs created at the Overall 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 ² | _____ | _____ | _____ |
| 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 ___

¹ As used in this form, this category includes employees of independent contractors.
² As used in this form, this category includes employees of independent contractors.

- h) Number of the foregoing jobs that were (as of 12/31/22) filled by residents of the Local Market Area (i.e., Nassau and Suffolk Counties): _____
- i) Number of the foregoing jobs that were as of 12/31/22 filled by Community Services Division applicants: _____
- j) Number of the foregoing jobs that were as of 12/31/22 filled by Job Training Partnership Act eligible persons: _____
- k) Total Annual Payroll for 2022: \$ _____

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 2022 _____

5. Project Investment Information

- a). Project Investment for 2022: \$ _____
(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 Overall 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, 2023