

NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AND

BLUE CASSEL COMMERCIAL REALTY, LLC

UNIFORM PROJECT AGREEMENT

DATED AS OF SEPTEMBER 1, 2019

UNIFORM PROJECT AGREEMENT

THIS UNIFORM PROJECT AGREEMENT (hereinafter, the "Project Agreement"), is made as of the 1st day of September, 2019, 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, NY 11501 (the "Agency"), and Blue Cassel Commercial Realty, LLC, a limited liability company organized and existing under the laws of the State of New York, having an office at 90-11 160th Street, Suite 100, Jamaica, New York 11437 (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 (even date herewith), 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 (the "State" or "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, on or about and around 2008, the Company and Blue Cassel Site A Realty, LLC, a limited liability company duly organized and existing under the laws of the State of New York (the "Residential Applicant" and together with the Company the "Applicants") presented a joint application for financial assistance (as amended the "2008 Application") to the Agency, which 2008 Application requested that the Agency consider undertaking a project (the "2008 Project") consisting of the following: (A)(1) the acquisition of an interest in parcels of land located at 701, 715, 721 and 729 Prospect Avenue, New Cassel, Town of North Hempstead, County of Nassau, New York (the "Land"); (2) the construction of an approximately 123,250 square foot building (inclusive of indoor parking), together with related improvements, on the Land (collectively the "Building"), 19,740 square feet of which is ground floor commercial (the "Commercial Realty") and (3) the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment, excluding any subtenant equipment with respect to the retail portion of the Building (the "Equipment"), all of the foregoing to constitute a mixed-use residential/commercial facility (the

“2008 Project Facility”); (B) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the Act with respect to the foregoing, including potential exemptions or partial exemptions from sales and use taxes, mortgage recording taxes, and real property taxes (but not including special assessments and ad valorem levies) (the “2008 Financial Assistance”); (C) the lease (with an obligation to purchase) or sale of the residential portion of the 2008 Project Facility, which includes the Commercial Realty, to the Company; (D) the guaranty by The Bluestone Organization, Inc. (“Guarantor”) of the obligations of the Applicants in connection with the 2008 Project (the “Guaranty”); (E) the environmental compliance and indemnification agreement from the Company and the Guarantor in favor of the Agency (the “Environmental Indemnification”) and (F) and such other certificates, documents, instruments, and agreements related to the 2008 Project; and

WHEREAS, the 2008 Project was a part of a coordinated effort by the Town of North Hempstead to revitalize and create a walkable downtown in the Hamlet of New Cassel and after almost 10 years, 1,620 square feet of the Commercial Realty has yet to be leased up; and

WHEREAS, the Company acknowledges the receipt and application of the 2008 Financial Assistance; and

WHEREAS, in December 2018, the Company presented an application for additional financial assistance (the “Application”) to the Agency, which Application requested that the Agency consider undertaking an amendment of the 2008 Project (as so amended, the “Project”) consisting of the following: (A) the retention of the Commercial Realty (the “Project Facility”); (B) the granting of certain “financial assistance” within the meaning of Section 854(14) of the Act with respect to the foregoing, including potential exemptions or partial exemptions from real property taxes (but not including special assessments and ad valorem levies) for the Commercial Realty (the “Financial Assistance”); (C) the Leaseback Agreement (as hereinafter defined); (D) a reaffirmation and ratification of the Guaranty; (E) a reaffirmation and ratification of the Environmental Indemnification; (F) the Project Agreement; (G) the PILOT Agreement; and (H) such other certificates, documents, instruments, and agreements related to the Project; and

WHEREAS, by resolution adopted by the members of the Agency on December 12, 2018, the Agency, following a review of the Application a, 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 Chief Executive Officer/Executive Director of the Agency (A) caused notice of a public hearing of the Agency pursuant to Section 859-a of the Act (the “Public Hearing”) to hear all persons interested in the Project and the Financial Assistance contemplated by the Agency with respect to the Project, to be mailed on April 29, 2019 to the chief executive officer of Nassau County, New York and of each other affected tax jurisdiction within which the Project Facility is or is to be located; (B) caused notice of the Public Hearing to be published on April 29, 2019 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 May 14, 2019, at 2:00 pm., local time, at the Town of North Hempstead Town Hall, 220 Plandome Road, Manhasset, Nassau County, New York; and (D) caused a report of the Public Hearing (the “Report”) to be prepared which fairly summarizes the views presented at the Public Hearing and distributed the Report to the members of the Agency; and

WHEREAS, in accordance with Section 874(4) of the Act, (A) the Executive Director of the Agency caused notice of a meeting of the Agency (the “IDA Meeting”) with respect to the proposed deviation from the Agency’s uniform tax exemption policy and guidelines to be mailed on April 29, 2019 to the chief executive officer of each affected tax jurisdiction; and (B) the members of the Agency conducted the IDA Meeting on May 16, 2019 and reviewed any written comments or correspondence regarding the proposed deviation from the Agency’s uniform tax exemption policy and approved the proposed deviation; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the “SEQR Act”), and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (the “Regulations,” and collectively with the SEQR Act, “SEQRA”), the appropriate personnel of the Agency reviewed the environmental assessment form and other materials submitted by the Company and made any necessary comments to the members of the Agency, and by resolution of the members of the Agency adopted on May 16, 2019, the Agency decided to conduct an uncoordinated review of the Project and determined that the Project will not have a significant adverse environmental impact and that an environmental impact statement will not be prepared; and

WHEREAS, by resolution adopted by the members of the Agency on May 16, 2019, the Agency approved the Financial Assistance (the “Resolution”); 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, the Agency proposes to appoint the Company as agent of the Agency to undertake the retention of the Project Facility and to continue to lease the Project Facility to the Company, and the Company desires to act as agent of the Agency to undertake the retention of the Project Facility, all pursuant to the terms and conditions set forth herein and in the Leaseback Agreement between the Agency and the Company; and

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

WHEREAS, pursuant to the PILOT Agreement, the Company has agreed to make certain payments in lieu of real property taxes with respect to the Project Facility, and such obligation is secured by a Mortgage and Assignment of Leases and Rents dated as of December 1, 2008 (the "PILOT Mortgage") from the Company and the Agency, as mortgagor, to the County of Nassau, as mortgagee (the "PILOT Mortgage"), pursuant to which the Agency and the Company have granted a first lien mortgage on the Project Facility to the PILOT Mortgagee; and

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

ARTICLE I. DEFINITIONS

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

ARTICLE II. REPRESENTATIONS AND COVENANTS

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

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

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

(c) The Project Facility and the operation thereof will conform with all applicable zoning, planning, and building laws and regulations of governmental authorities having jurisdiction over the 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 Project Facility will comply in all respects with all environmental laws and regulations, 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 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 Project Facility or onto any other property, (iii) that no asbestos will be incorporated into or disposed of on the Project Facility, (iv) that no underground storage tanks will be located on the 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 subsection 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 chief executive officer/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 subsection. 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 Project Facility, the Company agrees to pay the expenses of same to the Agency upon demand.

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

(g) The Company hereby represents to the Agency that facilities and property that are primarily used in making retail sales of goods and services to customers who personally visit the Project Facility will not constitute more than one-third (1/3) of the total costs of the 2008 Project Facility, except in accordance with New York General Municipal Law 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.

(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 Project Facility or any part thereof, or to any use, manner of use or condition of the 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 May 16, 2019 under SEQRA applicable to the acquisition, construction, renovation, installation, equipping and operation of the 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 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 any Guarantor, as applicable, is a Prohibited Person.

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

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

(o) Intentionally Omitted.

(p) The Company shall maintain the Minimum Employment Requirement pursuant to the Leaseback Agreement.

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

(r) Intentionally Omitted.

(s) Neither the Company, nor any Guarantor, nor any Affiliate of the Company or any Guarantor has employed or retained any appointed or elected governmental official to solicit or secure the Agency's undertaking of the 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 retention of the Project Facility to advance job opportunities, health, general prosperity and economic welfare of the people of Nassau County, New York, and to specifically promote the investment commitment, employment commitment, and other commitments of the Company contained herein and in the Company's Application.

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 confirms that real property tax abatement to be provided to the Company shall conform to those disclosed within the CBA at the Public Hearing for the Project and as contained within the PILOT Agreement, a form of which PILOT Agreement is attached hereto as Exhibit A.

Section 4.2 PILOT Agreement. The parties hereto have executed or will execute, among other things, the Leaseback Agreement and PILOT Agreement. As provided in the PILOT Agreement, the Company agrees to make PILOT Payments, in addition to paying all special ad valorem levies, special assessments or special district taxes and service charges against real property in the jurisdiction where the Project Facility is located.

Section 4.3 Intentionally Omitted.

Section 4.4 Intentionally Omitted.

Section 4.5 Intentionally Omitted.

Section 4.6 Intentionally Omitted.

Section 4.7 Intentionally Omitted.

Section 4.8 Recapture of Agency Benefits.

(A) It is understood and agreed by the parties hereto that the Agency is entering into this Project Agreement in order to provide financial assistance to the Company for the Project Facility and to accomplish the public purposes of the Act. In consideration therefor, the Company hereby agrees that if there shall occur a Recapture Event (as defined below) after the date hereof, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency in an amount as follows (such amount, the "Recapture of Benefits"):

(1) one hundred percent (100%) of the Benefits (as defined below) if the Recapture Event occurs on or before the fifth (5th) anniversary of the Closing Date;

(2) eighty percent (80%) of the Benefits if the Recapture Event occurs after the fifth (5th) anniversary of the Closing Date but on or before the sixth (6th) anniversary of the Closing Date;

(3) sixty percent (60%) of the Benefits if the Recapture Event occurs after the sixth (6th) anniversary of the Closing Date but on or before the seventh (7th) anniversary of the Closing Date;

(4) forty percent (40%) of the Benefits if the Recapture Event occurs after the seventh (7th) anniversary of the Closing Date but on or before the eighth (8th) anniversary of the Closing Date;

(5) twenty percent (20%) of the Benefits if the Recapture Event occurs after the eighth (8th) anniversary of the Closing Date but on or before the ninth (9th) anniversary of the Closing Date;

(6) ten percent (10%) of the Benefits if the Recapture Event occurs after the ninth (9th) anniversary of the Closing Date but on or before the tenth (10th) anniversary of the Closing Date; or

(7) zero percent (0%) of the Benefits thereafter.

(B) The term "Benefits" shall mean the Agency's calculation of the Financial Assistance, consisting of:

(1) all real estate tax benefits which have accrued to the benefit of the Company during such time as the Agency held an interest in the Project Facility by reason of such interest, such tax benefits to be computed by subtracting the payments in lieu of taxes paid under the PILOT Agreement (through the date that the Project Facility is returned to the tax rolls as taxable property) from those payments which the Company would have been required to pay through such date had the Company been the owner of the Project

Facility and the Agency not been involved in the Project and based on the records of the Nassau County Tax Assessor and any applicable village tax assessor, and treating any negative result as \$0; and

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

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

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

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

(3) The transfer of all or substantially all of the employees engaged in the construction, renovation, maintenance or operation of the Project Facility to another location; or

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

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

(6) The Company shall have sold, leased, subleased, sub-subleased, assigned, transferred or otherwise disposed of all or any part of its interest in the Project Facility in violation of this Project Agreement or the Lease Agreement; or

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

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

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

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

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

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

ARTICLE V. INSURANCE

Section 5.1 Insurance Required. During the term of this Project Agreement, the Company shall maintain insurance with respect to the Project Facility as required pursuant to Leaseback Agreement and particularly as set forth in Sections 6.3, 6.4 and 6.5 of the Leaseback Agreement.

ARTICLE VI. EVENTS OF DEFAULT AND REMEDIES

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

(a) the failure by the Company to observe and perform any covenant contained in Sections 2.1 (e), 2.1(g), 2.1(i), 2.1 (j), 4.8, 5.1, 7.1, 7.2, 7.3, 7.6 and 8.1;

- (b) the failure by the Company to pay the Recapture Benefits on the date due;
- (c) the occurrence and continuation of a Recapture Event;
- (d) The 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, 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; 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 Leaseback Agreement, the PILOT Agreement or Recapture Benefits.

Section 6.3 Remedies Cumulative. No remedy herein conferred upon or reserved to the Agency is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Project Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right and power or

shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Agency to exercise any remedy reserved to it in this Article VI it shall not be necessary to give any notice, other than such notice as may be herein expressly required in this Project Agreement.

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

ARTICLE VII. SPECIAL COVENANTS

Section 7.1 Employment Opportunities

(a) The Company shall ensure that all employees and applicants for employment with regard to the 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 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 Project Facility, and (ii) certifying that the salary and fringe benefit averages or ranges for categories of jobs retained and jobs created that were set forth in the Application are then still accurate or, if not then still accurate, providing a revised list of salary and fringe benefit averages or ranges for categories of jobs retained and jobs

created. Said annual reports shall be in substantially the form promulgated from time to time by the Agency. The current forms of reports are annexed hereto as Exhibit 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) with respect to their respective employees, if any, at the Project Facility. The Agency shall have the right, at the Company's expense, to audit, confirm and/or require additional information with regard thereto and the Company agrees to reasonably cooperate with and to cause its Affiliates and such third parties to cooperate with the Agency in connection therewith.

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

(f) Subject to (i) collective bargaining contracts or agreements and other existing contracts or agreements to which the Company is a party or by which the Company is bound and (ii) compliance with Applicable Laws, the Company agrees to list or cause to be listed all new employment opportunities created as a result of the 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 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, whenever reasonably requested by the Agency, to promptly provide and certify or cause to be provided and certified such information concerning the Project Facility, the Company, the Guarantor and/or the Company's and/or the Guarantor'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 generally accepted 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 Project Facility or any part thereof to loss or forfeiture, (5) demonstrates to the reasonable satisfaction of the Agency that such contest shall not result in the Company or the Agency being in any danger of any civil or criminal liability for failure to comply therewith, and (6) diligently prosecutes such contest to completion. Otherwise, the Company shall promptly take such action with respect thereto as shall be reasonably satisfactory to the Agency.

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

Section 7.7 Performance of the Company's Obligations. Should the Company fail to make any payment or to do any act as provided in the Transaction Documents beyond applicable notice and/or cure periods, if any, the Agency may, but shall not be obligated to, without notice to or demand on the Company and without releasing the Company from any obligation herein, make or do the same, including, without limitation, appearing in and defending any action purporting to affect the rights or powers of the Company or the Agency, and paying all fees, costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by the Agency in connection therewith; and the Company shall pay promptly upon demand all sums so incurred or expended by the Agency under the authority hereof, together with interest thereon, at the Default Interest Rate, from the date of written demand to the Company.

ARTICLE VIII. MISCELLANEOUS

Section 8.1 Hold Harmless Provision. The Company hereby releases the Agency from, agrees that the Agency shall not be liable for, and agrees to indemnify, defend and hold the Agency and its executive director, directors, members, officers, employees, agents (other than the Company), representatives, successors and assigns harmless from and against, any and all (i) liability for loss or damage to property or injury to or death of any and all persons that may be occasioned by any cause whatsoever pertaining to the 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 Project Facility or breach by the Company of this Project Agreement or (ii) liability arising from or expense incurred by the Agency's financing, acquiring, constructing, equipping, owning and leasing of the Equipment or of the 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 D. Komaromi, Esq.

To the Company: Blue Cassel Commercial Realty, LLC
90-11 160th Street, Suite 100
Jamaica, New York 11437
Attn: Ira Lichtiger, Managing Member

With a copy to: Koeppel Martone & Leistman, LLC
55 First Street
Mineola, New York 11501
Attn: Michael P. Guerriero, 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 Leaseback Agreement or the PILOT Agreement.

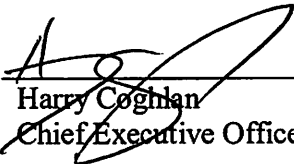
Section 8.6 By executing this Project Agreement, the Company covenants and agrees to pay all fees, costs and expenses incurred by the Agency for (a) legal services, including but not limited to those provided by the Agency's general counsel or bond/transaction counsel, (b) other consultants retained 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.

[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

**BLUE CASSEL COMMERCIAL REALTY,
LLC**

By: _____
Ira Lichtiger
Managing Member

SCHEDULE A

SCHEDULE OF DEFINITIONS

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

“Authorized Representative” means, in the case of the Agency, the 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.

“Default Interest Rate” means a rate of interest equal to eighteen percent (18%) per annum or the maximum rate permitted by applicable law, whichever is less.

“Guarantor” means The Bluestone Organization, Inc., a corporation duly organized and existing under the laws of the State of New York.

“Leaseback Agreement” shall mean that certain Lease, dated as of December 1, 2008, by and between the Company and the Agency, as amended, restated or modified from time to time, including, but not limited to, that certain First Amendment to Lease, dated as of September 1, 2019.

“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.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible.

“PILOT Agreement” means the Payment in Lieu of Taxes Agreement originally dated December 1, 2008, as amended of even date herewith and as hereinafter amended, supplemented or restated from time to time between the Company and the Agency, pursuant to which the Company shall continue make certain payments in lieu of real property taxes with respect to the Project Facility.

“Transaction Document(s)” shall have the meaning as defined in the Leaseback Agreement.

EXHIBIT A

COST BENEFIT ANALYSIS AND FORM OF PILOT AGREEMENT

[Attached]

BLUE CASSEL COMMERCIAL REALTY, LLC: ECONOMIC AND FISCAL IMPACT ANALYSIS

May 2019

Prepared for:

Nassau County Industrial Development Agency
Theodore Roosevelt Executive & Legislative Building
1 West Street, 4th Floor
Mineola, NY 11501



518.899.2608
www.camoinassociates.com

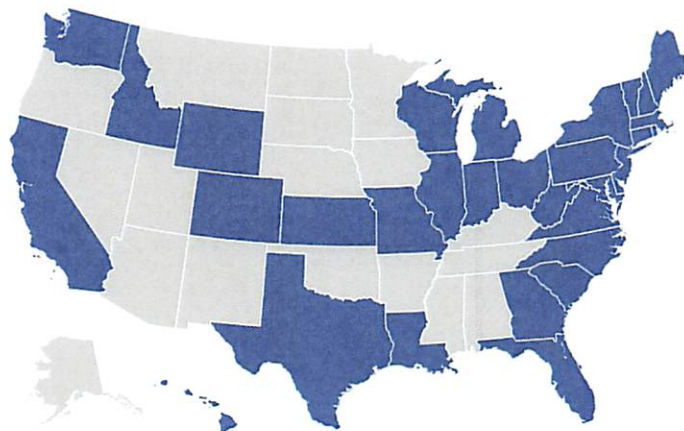
About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 32 states and garnered attention from national media outlets including *Marketplace* (NPR), *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](https://www.facebook.com/camoinassociate).

The Project Team

Rachel Selsky
Vice President, Project Principal

Jessica Ulbricht
Analyst, Project Staff



Summary

The Nassau County Industrial Development Agency (the "Agency") received an application for financial assistance from Blue Cassel Commercial Realty, LLC. (the "Applicant") for an existing approximately 19,740 square feet of retail space at 701 Prospect Avenue in the Village of Westbury, Town of North Hempstead, County of Nassau, New York (the "Site"). The Applicant has requested financial assistance on the commercial portion of a mixed-use building consisting of ground floor commercial and three stories of mixed income affordable housing known as The Gateway to New Cassel (the "Project"). Upon completion of the development in December 2008, the Applicant entered into a 10-year PILOT agreement beginning in 2009 to address the challenges of attracting retail space to this corridor. After almost 10 years, 4,000 square feet out of the 19,740 square feet of retail space has yet to be leased. The Agency commissioned Camoin Associates to conduct an economic and 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 was not completed. The Applicant anticipates that the mixed-use commercial corridor in New Cassel will be vulnerable to setbacks by disinvestment, absent Agency assistance. This disinvestment will further hinder the Applicant's ability to attract tenants to the space, and will delay the addition of new on-site jobs to the Site and the County. We estimate that once occupied, there will be 8 new on-site jobs in the 4,000 SF of currently unoccupied commercial space. This study analyzes the impact that these 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 below and in the attachments.

Summary of Benefits to County	
Annual Jobs	10
On-Site Jobs	8
Annual Earnings	\$ 454,689
On-Site Earnings	\$ 282,795
Average Annual Sales Tax Revenue to County	\$ 3,382
Average Annual PILOT Payment	\$ 124,002

- The development was completed in December 2008. No additional renovation or construction is planned at this time, so there will be no renovation impacts as a result of the Project.
- Should the remaining vacant space be leased, this will support 10 net new jobs in the County. The annual direct earnings associated with the Project is estimated at approximately \$283,000 on-site and another nearly \$172,000 in indirect earnings throughout the County.
- Sales associated with this space occupation would be taxed and contribute to sales tax revenue for the County. Average annual sales tax revenue to the County as a result of the occupation will total approximately \$3,382.
- The Applicant has negotiated terms of a proposed PILOT agreement with the Agency, which includes a 10-year PILOT for the property, after which the Applicant would pay tax on the full value of the property. Under this proposed PILOT agreement, the Applicant is expected to pay over \$1.2 million during the 10-year PILOT term.

Summary of Costs to County		
Loss (Gain) of Property Tax Revenue	\$	80,417

Source: Applicant IDA Application, Camoin Associates

- The schedule of payments to be made by the Applicant under the draft PILOT agreement would be \$80,417 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 \$8,042 per year.

Economic Impact Analysis

The estimates of direct economic activity generated during the renovation phase and on-site employment during the occupational phase 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 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 notes that the 43,166 SF development, 19,740 SF of which is commercial space, was completed in December 2008. The mixed-use building consists of ground floor commercial and three stories of mixed income affordable housing. The Project does not include additional planned construction or renovation. Since 4,000 SF, or two retail spaces, of the commercial space has yet to be leased, additional renovation of these spaces may be undertaken by the lessors when rented. However, at this time there are no plans for or estimates of renovation costs so we can assume no renovation phase impacts for the purpose of this analysis.

Impacts of On-Site Employment

The Project does not directly include the creation of new jobs employed on-site. The Applicant has stated however that absent Agency assistance, the Site is vulnerable to setbacks by disinvestment, as market conditions and prevailing tax rates are not currently aligned. Disinvestment by the Applicant will further delay the remaining 4,000 SF of commercial space from being occupied. Therefore, we can model the impact that the leasing out of these remaining spaces will have on the County.

With 4,000 SF of retail space, we assume that when occupied there will be 8 net new employees in this space.¹ The table below outlines the impact that these 8 net new on-site jobs will have on Nassau County in terms of direct, indirect, and total employment and wages.

Annual Economic Impact - Occupation Phase					
	Direct		Indirect		Total
Jobs		8		2	10
Earnings	\$	282,795	\$	171,894	\$ 454,689
Sales	\$	679,188	\$	492,186	\$ 1,171,373

Source: EMSI, Camoin Associates

As shown in the table above, Camoin Associates estimates that 8 net new jobs and nearly \$283,000 in earnings will be on-site once the remaining 4,000 SF of space is occupied. Taking into account the additional indirect and induced economic impacts on Nassau County from those direct jobs, total employment created by the occupation of this space is estimated at 10 jobs and nearly \$455,000 in annual earnings. As a result, \$1.2 million in total sales will be generated. While the creation of 8 new jobs is not the direct result of the Project, Camoin Associates assumes that without the Project, tenant occupation of the 4,000 SF of vacant space and the resulting economic impacts will be further delayed.

¹ The Institute of Transportation Engineers states that the SF per employee in Specialty Retail Stores is 549 SF.

Fiscal Impact Analysis

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

Payment in Lieu of Taxes (PILOT)

The Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement for the Project. The Applicant has proposed a 10-year payment schedule for the PILOT agreement. Based on the terms of the PILOT as proposed, Camoin Associates calculated the potential payments associated with the PILOT agreement:

Tax Payments with PILOT		
Year	PILOT Payments	
1	\$	120,591
2	\$	120,591
3	\$	120,591
4	\$	120,591
5	\$	120,591
6	\$	122,810
7	\$	125,069
8	\$	127,370
9	\$	129,714
10	\$	132,101
Total	\$	1,240,017
Average	\$	124,002

Source: Nassau County IDA, Camoin Associates

Tax Policy Comparison

Based on the current taxable value of the Site and an assumed annual increase to the rate of 2.00%² (holding taxable value constant), the following table outlines the estimated tax payments made by the building owner without assistance.

Tax Payment Without Project	
Year	Property Tax Payment Without Project
1	\$ 120,591
2	\$ 123,002
3	\$ 125,463
4	\$ 127,972
5	\$ 130,531
6	\$ 133,142
7	\$ 135,805
8	\$ 138,521
9	\$ 141,291
10	\$ 144,117
Total	\$ 1,320,435
Average	\$ 132,043

Source: Nassau County IDA, Camoin Associates

² The tax rate is increased by 2.00% annually, the maximum inflation factor that can be reasonably anticipated into the future. New York State property tax cap legislation limits tax levy growth to an inflation factor set by the State or 2.00%, whichever is less, the amount by which a government entity may increase its annual tax levy (certain exceptions apply). Although in recent years the inflation factor has been less than 2.00%, using 2.00% for the purposes of comparing future otherwise applicable property tax payments without the Project to the proposed PILOT schedule provides a conservative estimate of the Project's benefit/cost to the County.

The table below calculates the benefit (or cost) to the affected taxing jurisdictions as the difference between the PILOT payments associated with the Project and the property tax payments without the Project. In year one of the PILOT, payments are equal to what the property tax would be without the Project. Over the course of the proposed PILOT term, the average annual collection by local jurisdictions would be \$8,042 less in PILOT revenue than property taxes without the Project. The total cost to the affected taxing jurisdictions of the PILOT agreement over 10 years would be \$80,417.

Tax Policy Comparison					
	A		B		C
Year	Property Tax Payment Without Project		PILOT Payment		Benefit (Cost) To County of Project (Col. B - Col. A)
1	\$	120,591	\$	120,591	\$ 0
2	\$	123,002	\$	120,591	\$ (2,411)
3	\$	125,463	\$	120,591	\$ (4,872)
4	\$	127,972	\$	120,591	\$ (7,381)
5	\$	130,531	\$	120,591	\$ (9,940)
6	\$	133,142	\$	122,810	\$ (10,332)
7	\$	135,805	\$	125,069	\$ (10,736)
8	\$	138,521	\$	127,370	\$ (11,151)
9	\$	141,291	\$	129,714	\$ (11,577)
10	\$	144,117	\$	132,101	\$ (12,016)
Total	\$	1,320,435	\$	1,240,017	\$ (80,417)
Average	\$	66,022	\$	124,002	\$ (8,042)

Source: Nassau County IDA, Camoin Associates

Sales Tax Revenue Employee Earnings

The potential additional earnings described by the total economic impact of the ongoing occupation (see the previous section) would lead to additional 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 would be taxable.

Annual County Sales Tax Revenue Employee Earnings	
Total New Earnings	\$ 454,689
Amount Spent in County (70%)	\$ 318,282
Amount Taxable (25%)	\$ 79,571
County Sales Tax Rate	4.25%
New County Tax Revenue	\$ 3,382

Source: Nassau County, Camoin Associates

Under these assumptions, the County would receive approximately \$3,382 each year in new tax revenue from the economic impacts of the potential building occupation.



Attachment A

What is economic impact analysis?

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

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

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

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

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

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

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many "new" dollars the producer would be causing to occur domestically.

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EXHIBIT B

FORMS OF ANNUAL EMPLOYMENT REPORT

NASSAU IDA JOB CONFIRMATION FORM 2019

1. Sales Tax Abatement Information

Did your company receive Sales Tax Abatement on your Project during 2019?

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 2019 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 2019?

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 2018, the answer should be no)

- b) Amount of the mortgage recording tax that was abated during 2019:

\$ _____

3. Job Information

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

- a) Total number (as of December 31st of 2019) of full time equivalent ("FTE") jobs (including both retained and newly created jobs) at the Project Facility by job category, the average salary or range of salaries, and average fringe benefits or range of fringe benefits for each:

Category	FTE	Average Salary 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 12/31/19) filled by residents of the Local Market Area (i.e., Nassau and Suffolk Counties): _____

c) Please attach (1) the 2019 fourth quarter form NYS-45 (including NYS-45 ATT) filed with New York State Employment Taxation Department indicating number of employees, and (2) the Undersigned's annual payroll report for year ending 12/31/19. *It is not necessary to include Part C.*

d) Number of FTE construction jobs during 2019: _____

e) Average Salary of construction jobs during 2019: _____

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

Category	FTE	Average Salary or Range of Salary	Avg. Fringe Benefits or Range of Benefits
Management	_____	_____	_____
Professional	_____	_____	_____
Administrative	_____	_____	_____
Production	_____	_____	_____
Supervisor	_____	_____	_____
Laborer	_____	_____	_____
Independent Contractor 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 12/31/19) filled by residents of the Local Market Area (i.e., Nassau and Suffolk Counties): _____
- i) Number of the foregoing jobs that were filled by Community Services Division applicants: _____
- j) Number of the foregoing jobs that were filled by Job Training Partnership Act eligible persons: _____
- k) Total Annual Payroll for 2019: \$ _____

4. Project Investment Information

- a) Project Investment for 2019: \$ _____
(attach evidence such as receipts, contracts, invoices etc.)

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

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

The undersigned hereby confirms that (i) no default under the Transaction Documents has occurred and is continuing, and (ii) no leases, subleases or other arrangements permitting the use or occupancy of the Project Facility are in except, 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: _____

Date: _____

Fax: _____

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
ONE WEST STREET, SUITE 326
MINEOLA, NY 11501
ATTN: ADMINISTRATIVE DIRECTOR
NO LATER THAN FEBRUARY 11, 20__**