Nassau County Industrial Development Agency

Uniform Tax Exemption Policy

Re-Adopted April 4, 2017 (and March 21, 2019, February 27, 2020, February 25, 2021, March 31, 2022 , February 27, 2024, March 26, 2025 and March 31, 2026)

The purposes of the Nassau County Industrial Development Agency ("the Agency") include the promotion of economic development, the prevention of economic deterioration and the advancement of employment opportunities to improve the general prosperity and economic welfare of the people of Nassau County. The Agency assists in the development of projects that create and retain jobs, generate revenue for the economy of Nassau County and expand and diversify the County's tax base. To do this, the Agency encourages the construction, acquisition, retention and/or expansion of certain projects, as authorized by Article 18-A of the New York General Municipal Law (the "Act") by providing financial assistance in the form of (i) sales and use tax exemptions; (ii) mortgage recording tax exemptions; (iii) real property tax abatements and (iv) the issuance of tax-exempt or taxable bonds where appropriate (collectively, "Financial Assistance"). That portion of Financial Assistance that concerns (i) sales and use tax exemptions, (ii) mortgage recording tax exemptions and (iii) real property tax abatements shall, for the purpose of this Uniform Tax Exemption Policy (the "Policy"), be collectively referred to as "Tax Abatements".

The granting of Financial Assistance is governed by the policies and procedures of the Agency, the Act and applicable Federal and State common and statutory laws (collectively, the "Applicable Laws").

As required by the Act, this Policy provides a uniform policy for the claiming of Tax Abatements and deviations thereto and supersedes and supplants any previous policy adopted by the Agency.

1. GENERAL PROCEDURE

a. The Applicable Laws determine those proposed projects (each, a "Project") that are eligible to receive Tax Abatements.

b. A company that desires to receive Tax Abatements (an "Applicant") must present its proposal to the Agency in accordance with procedures adopted by the Agency, as same may be amended from time to time.

c. With respect to each Project, the staff of the Agency shall document and present to the members of the Agency information as to the criteria for the evaluation and selection of Project, as follows:

i. Baseline Evaluation Criteria: For all Projects, the Agency shall evaluate: (1) the extent to which a Project will create or retain permanent jobs; (2) the extent to which a Project will create construction jobs; (3) the estimated value of tax exemptions to be provided with respect to the Project; (4) the amount of private sector investment generated or likely to be generated by the Project; (5) the likelihood of the Project being accomplished in a timely manner; (6) the extent of new revenue that would be provided to affected tax jurisdictions as a result of the Project; (7) whether affected tax jurisdictions shall be reimbursed by the Applicant if a Project does not fulfill the purposes for which an exemption was provided, (8) the impact of the Project on existing and proposed businesses and economic development projects in the vicinity, (9) the demonstrated public support for the Project, (10) the effect of the Project on the environment, (11) the extent to which the Project will require the provision of additional services, including, but not limited to, additional educational, transportation, police, emergency, medical or fire services, and (12) any other miscellaneous public benefits that might result from the Project.

ii. Project Specific Evaluation Criteria: The Agency shall evaluate, inter alia, the following additional criteria with respect to a particular type of Project, to the extent applicable:

(1) whether wage rates for the Applicant's employees are above median wages for the area;

(2) the extent to which construction and/or permanent jobs opportunities will be filled by residents of the Long Island Economic Development Region (as established pursuant to Section 230 of the New York State Economic Development Law);

(3) whether the Project will result in regional wealth creation as a result of sales to customers outside the Long Island Economic Development Region;

(4) the extent to which purchases of goods and services with respect to the Project will be made from within the Long Island Economic Development Region;

(5) the extent to which the Project will involve research, development and/or education activities;

(6) the extent to which the Applicant will make investments in energy efficiency or production with respect to the Project;

(7) whether the Applicant represents a demonstrated "flight risk";

(8) whether the Project is located in a distressed census tract and/or whether the Project will contribute to the elimination of blight in the area;

(9) with respect to occupancy of an existing structure: (A) the vacancy history of such structure, (B) whether such structure has historic designation, (C) the age of the structure, and (D) the condition of the structure;

(10) whether the Project conforms to a local community development plan and is in alignment with local planning and development efforts;

(11) whether the site or structure is delinquent in the payment of property or other taxes;

(12) whether the site or structure presents environmental or safety issues;

(13) the extent of demonstrated local official support for the Project; and/or

(14) whether there is documented unmet demand for the service that would be provided by the Project.

d. In conformity with its procedures, and in compliance with the Applicable Laws, the Agency may, in its sole discretion, approve a Project by adopting an Inducement Resolution and thereafter proceed to Closing on such Project. For purposes of this Policy, the term "Closing" means the date the Agency acquires ownership, jurisdiction, supervision or control of a Project. The date on which the Closing occurs is referred to

as the "Closing Date". In determining whether to grant Financial Assistance for a Project in accordance with this Policy, the members of the Agency shall consider such factors as they deem relevant, including, without limitation, those factors set forth in Section 874(4)(a) of the Act.

e. At Closing, the Applicant will be required to execute documents that will (i) convey ownership, jurisdiction, supervision or control of the Project to the Agency and (ii) govern the terms and conditions pursuant to which the Agency shall grant Financial Assistance to the Applicant (such documents are referred to as the "Project Documents").

2. SALES AND USE TAX EXEMPTION

a. "Personal Property", as such term is hereinafter defined, that is purchased or leased in connection with a qualified Project shall be exempt from local and state sales and use taxes for the period commencing with the Closing and ending on the date (as such date may be extended in the sole discretion of the Agency) that the Project Documents require completion to occur in respect of the undertaking of the Project or other Project activities. "Personal Property" includes building materials, fixtures, furnishings and equipment, as well as certain services that may relate to any of the foregoing, provided that such purchases and equipment rentals and services are made by an entity as agent for the Agency.

b. Purchases, rentals of Personal Property and the use of services that are Personal Property will be fully exempt from local and New York State Sales and Use Taxes until the Project is required to have been completed (i.e. issuance of certificate of occupancy or similar event).

c. Operating and maintenance expenses of Projects are not incurred as agent of the Agency, and no sales tax exemption is provided for operating and maintenance expenses.

d. The Agency shall enter into an agreement with the Applicant that sets forth the parameters of the sales and use tax exemption (the "Tax Letter").

e. The Tax Letter may be given prior to Closing if authorized by the Agency.

f. All Project Applicants must agree in writing to file with the New York State Department of Taxation, in form and at times required, an annual statement of the value of all sales and use taxes exemption claimed in connection with the Project in full compliance with Section 874(8) of the Act.

3. MORTGAGE RECORDING TAX EXEMPTION

a. The Mortgage Recording Tax Exemption permits mortgage recording tax exemptions on all Project-related financing to the full extent permitted by the Applicable Laws, whether or not the Agency has issued its bonds to finance the Project.

b. In addition, the Agency may, in its sole discretion, permit mortgage recording tax exemptions on non-Project related financings, (e.g. second mortgages on the Project to secure subordinated indebtedness of the Project Applicant). In determining whether to permit such exemptions on non-Project related financing, the Agency shall consider such factors as it deems appropriate, including, but not limited to, the following:

i. The nature of the Project;

ii. The degree of private-sector investment;

iii. The degree and nature of the unemployment and the economic condition of the areas in which the Project is located and the degree and nature of the jobs, if any, to be created as a result of the non-Project related financing;

iv. The ability of the Project to achieve the goals of the Agency's Strategic Financial Assistance Policy, as such may be amended from time to time;

v. The environmental benefits of a Project, including, without limitation, the "Green" component and/or the LEED certification of any Project, if any;

vi. The manner and extent to which the Project complies with the enumerated factors set forth in §874(4)(a) of the Act as amended from time to time; and

vii. Consideration of other factors which, in the opinion of the members of the Agency, justify such exemption.

4. ABATEMENT OF REAL PROPERTY TAXES

a. PILOT Agreement

i. Each Project receiving abatement from real property tax will be required to execute and deliver a Payment in Lieu of Tax Agreement in a form acceptable to and prescribed by the Agency (the "PILOT Agreement").

ii. The Pilot Agreement shall be a Project Document.

iii. The Pilot Agreement, in addition to other terms and conditions contained therein, will generally:

(1) Itemize in a schedule the amount (or formula for determining the amount), duration and timing of the Payment In Lieu Of Taxes (the "PILOT") that will be due under the Pilot Agreement.

(2) Require that the Applicant and its successors pay the PILOT to the Treasurer of Nassau County who shall distribute the PILOT to those jurisdictions having taxing authority over the Project as if the Agency did not have ownership, jurisdiction, supervision or control of the Project (the "Affected Taxing Jurisdictions"). Other terms with respect the billing and collection of the PILOT are set forth in the Agency's standard form of PILOT Agreement, a copy of which is attached to this Policy as Exhibit A.

(3) Require the payment of any and all special district assessments and special ad valorem levies assessed against or levied upon the Project independently of and in addition to the PILOT payments (collectively, "Special Assessments"), whether by the Nassau County Tax Assessor's Office (or other village or city assessor) or otherwise, as may be required by law from time to time, notwithstanding the Agency's ownership, jurisdiction, supervision or control of the Project, subject to the terms of this Policy.

(4) Require the execution, delivery and filing of a mortgage to secure the PILOT payments to the Treasurer of Nassau County, unless otherwise determined by the members of the Agency.

(5) Require the Recapture of Benefits in certain circumstances.

b. SCHEDULE AND ALLOCATION OF PILOT

i. The schedule used to calculate PILOT payments and the amount of such payments is not set forth in the Act. PILOT payments must be made in accordance with the PILOT payment schedules included within this Policy or be based on an approved deviation.

ii. Unless otherwise agreed by the Affected Taxing Jurisdictions, such PILOT Agreement payments shall be allocated among the affected taxing jurisdictions in proportion to the amount of real property tax and other taxes that would have been received by each Affected Taxing Jurisdiction if the Agency did not have ownership, jurisdiction, supervision or control of the Project.

iii. Pursuant to Section 874 of the Act and Section 412-a of the Real Property Tax Law, no real estate tax exemption with respect to a particular Project shall be effective until an Exemption Form is filed with the Assessor of Nassau County and any Village or City if such Project is located in a Village or City with an Assessing Unit other than the County of Nassau.

iv. Once an Exemption Form with respect to a particular Project is properly filed, the real property tax exemption for such Project shall not take effect earlier than the last to occur of the following: (1) the first tax status date for such Affected Taxing Jurisdiction subsequent to such filing; and (2) the first day of a tax year for such Affected Tax Jurisdiction subsequent to such tax status date; provided, however, that (i) the foregoing shall not apply, in the discretion of the Agency, if the Project is otherwise entitled to an exemption from real property taxation at the time the Agency acquires ownership, jurisdiction, supervision or control of the Project, and (ii) the Agency, in its discretion, may elect that the real property tax exemption take effect on a date later than the provisions of (1) and (2) above would require.

c. PILOT FOR A NEW CONSTRUCTION PROJECT

i. For purposes of this Policy, the term "New Construction Project" shall mean (i) the construction of a building on vacant, unimproved land or (ii) construction of an improvement or additional building(s) on an improved land that has a taxable assessed value of $0.00 or other de minimis amount as determined by the Nassau County Department of Assessment and, if in an incorporated Village or City, the Assessing Unit of such Village or City.

ii. An Applicant that is developing a New Construction Project shall enter into a PILOT Agreement that shall commence on the Closing Date of the Project transaction (the "Commencement Date").

iii. The duration of the PILOT Agreement shall be ten (10) years commencing on the "Effective Date" for each Affected Taxing Jurisdiction. The "Effective Date" for each Affected Taxing Jurisdiction shall be the first day of the first tax year occurring after the first tax status date occurring after the Closing of the Project, subject to Section 4(b)(iv) of this Policy.

iv. The amount of the New Construction Project PILOT shall be computed as follows:

(1) For the period commencing on the Commencement Date to and including the day prior to the Effective Date, the PILOT shall be equal to one hundred percent (100%) of the taxes and assessments that would be levied upon the Project by the respective Affected Taxing Jurisdictions without taking into consideration the transfer of ownership, jurisdiction, supervision or control of the Project to the Agency.

(2) For the period commencing on the Effective Date and continuing for ten (10) full tax years thereafter, the amount of the PILOT shall be the sum of the LAND PILOT and the IMPROVEMENT PILOT, as phased in as set forth in Schedule A annexed hereto and made a part hereof.

(a) The LAND PILOT shall be equal to the product of (i) the assessed value, as determined by the Agency, that should apply to the land as of the Closing Date, and (ii) most recent tax rate data available to the Agency as of the Closing Date. The Agency shall determine the assessed value that should apply to the land as of the Closing Date and may accept input, in its discretion, from governmental assessing authorities and/or use independent consultants to assist in the determination of the assessed value, the cost of which shall be borne by the Applicant. In accordance with Section 11 of this Policy, the LAND PILOT shall be reduced by the amount of Special Assessments, if any. The LAND PILOT shall not otherwise decrease or increase over the duration of the PILOT Agreement.

(b) The IMPROVEMENT PILOT shall be the product of (i) the "Assessed Value of the Improvement", as defined below; (ii) the "PILOT RATE", as defined below and (iii) the number .01.

(3) The "Assessed Value of the Improvement" shall be the assessed value of the Project, less the assessed value of the land.

(4) The "Assessed Value of the Improvement" shall be computed as follows:

(a) The fair market value of the improvement, computed as of the estimated date of completion, shall be determined by the Agency at or prior to Closing, using an accepted methodology including, but not limited to, income

capitalization, cost of construction or sales comparison. The fair market value of the improvement shall not include the value of the land. The Agency may, in its sole discretion, accept input from the Assessor of Nassau County (or other village or city assessor) and/or use independent consultants to assist in the computation of fair market value, the cost of which assessors and/or consultants shall be borne by the Applicant.

(b) The fair market value of the improvement shall then be multiplied by the Level of Assessment used by the Assessor of Nassau County as of the year in which the Closing occurs.

(c) The product of the fair market value of the improvement and the Level of Assessment shall be the Assessed Value of the Improvement.

(5) The "PILOT RATE" shall be the sum of all "Applicable Tax Rates Per Hundred", exclusive of rates used to compute Special Assessments, if any.

(a) For property located outside of an incorporated Village and outside of a City, the "Applicable Tax Rates Per Hundred" shall be the total of all tax rates applicable to the property, exclusive of rates used to compute Special Assessments, if any. The "Applicable Tax Rates Per Hundred" shall be evidenced by School Tax Bills and General Tax Bills based on the most recent data available to the Agency as of the year that Closing has occurred with the Agency.

(b) For property located within an incorporated Village, the "Applicable Tax Rates Per Hundred" shall be the total of all tax rates applicable to the property, exclusive of rates used to compute Special Assessments, if any. The "Applicable Tax Rates Per Hundred" shall be evidenced by School Tax Bills, General Tax Bills and Village Tax Bills based on the most recent data available to the Agency as of the year that Closing has occurred with the Agency. If a Village does not use the Nassau County Assessment Roll to compute Village Taxes, the Village tax rate shall be equalized so that the tax rate reflected on the Village Tax Bills is adjusted so that it is based on an assessed value that is equal to the Assessed Value of the Improvement.

(c) For property located within a City, the "Applicable Tax Rates Per Hundred" shall be the total of all tax rates applicable to the property, exclusive of rates used to compute Special Assessments, if any. The

"Applicable Tax Rates Per Hundred" shall be evidenced by School Tax Bills, General Tax Bills and City Tax Bills based on the most recent data available to the Agency as of the year that Closing has occurred with the Agency. If a City does not use the Nassau County Assessment Roll to compute City Taxes, the City tax rate shall be equalized so that the tax rate reflected on the City Tax Bills is adjusted so that it is based on an assessed value that is equal to the Assessed Value of the Improvement.

(d) If property is located partially within an incorporated Village and partially without an incorporated Village, the "Applicable Tax Rates Per Hundred" shall be the total of all tax rates applicable to the property, exclusive of rates used to compute Special Assessments, if any. The "Applicable Tax Rates Per Hundred" shall be evidenced by School Tax Bills, General Tax Bills and Village Tax Bills based on the most recent data available to the Agency as of the year that Closing has occurred with the Agency. If a Village does not use the Nassau County Assessment Roll to compute Village Taxes, the Village tax rate shall be equalized so that the tax rate reflected on the Village Tax Bills is adjusted so that it is based on an assessed value that is equal to the Assessed Value of the Improvement.

(e) If property is located partially within a City and partially without a City, the "Applicable Tax Rates Per Hundred" shall be the total of all tax rates applicable to the property, exclusive of rates used to compute Special Assessments, if any. The "Applicable Tax Rates Per Hundred" shall be evidenced by School Tax Bills, General Tax Bills and City Tax Bills based on the most recent data available to the Agency as of the year that Closing has occurred with the Agency. If a City does not use the Nassau County Assessment Roll to compute City Taxes, the City tax rate shall be equalized so that the tax rate reflected on the City Tax Bills is adjusted so that it is based on an assessed value that is equal to the Assessed Value of the Improvement.

v. The amount of the PILOT for a New Construction Project shall be adjusted and phased in as set forth in Schedule A attached hereto which is incorporated herein with the same force and effect as if more fully set forth at length herein.

d. <u>PILOT SCHEDULE FOR AN IMPROVEMENT PROJECT</u>

i. For purposes of this Policy, the term "Improvement Project" shall mean (i) the construction of an addition, improvement, rehabilitation, modification or similar work to an existing building or buildings or (ii) the construction of an additional building or buildings on a tax lot that is improved with a building or buildings.

ii. An Applicant that is developing an Improvement Project shall enter into a PILOT Agreement that shall commence on the Closing Date of the Project transaction (the "Commencement Date").

iii. The duration of the PILOT Agreement shall be ten (10) years commencing on the "Effective Date" for each Affected Taxing Jurisdiction. The "Effective Date" for each Affected Taxing Jurisdiction shall be the first day of the first tax year occurring after the first tax status date occurring after the Closing of the Project, subject to Section 4(b)(iv) of this Policy.

iv. The amount of the Improvement Project PILOT shall be computed as follows:

(1) For the period commencing on the Commencement Date to and including the day prior to the Effective Date, the PILOT shall be equal to one hundred percent (100%) of the taxes and assessments that would be levied upon the Project by the respective Affected Taxing Jurisdictions without taking into consideration the transfer of ownership, jurisdiction, supervision or control of the Project to the Agency.

(2) For the period commencing on the Effective Date and continuing for ten (10) full tax years thereafter, the amount of the PILOT shall be the sum of the BASE PILOT and the IMPROVEMENT PILOT, as phased in as set forth in Schedule B annexed hereto and made a part hereof.

(a) The BASE PILOT shall be equal to the product of (i) the assessed value, as determined by the Agency, that should apply to the improved land as of the Closing Date, and (ii) most recent tax rate data available to the Agency as of the Closing Date. The Agency shall determine the assessed value that should apply to the improved land as of the Closing Date and may accept input, in its discretion, from governmental assessing authorities and/or use independent consultants to assist in the determination of the assessed value, the cost of which shall be borne by the Applicant. In accordance with Section 11 of this Policy, the BASE PILOT shall be

reduced by the amount of Special Assessments, if any. The BASE PILOT shall not otherwise decrease or increase over the duration of the PILOT Agreement.

(b) The IMPROVEMENT PILOT shall be the product of (i) the "Assessed Value of the Improvement", as defined below; (ii) the "PILOT RATE", as defined below and (iii) the number .01.

(3) The "Assessed Value of the Improvement" shall be the assessed value of the Project, less the assessed value of the improved land immediately prior to undertaking of the Project.

(4) The "Assessed Value of the Improvement" shall be computed as follows:

(a) The fair market value of the improvement, computed as of the estimated date of completion, shall be determined by the Agency at or prior to Closing using an accepted methodology including, but not limited to, income capitalization, cost of construction or sales comparison. The fair market value of the improvement shall not include the value of the improved land immediately prior to the undertaking of the Project. The Agency may accept input from the Assessor of Nassau County (or other village or city assessor) and/or use independent consultants to assist in the computation of fair market value, the cost of which shall be borne by the Applicant.

(b) The fair market value of the improvement (less the fair market value of the improved land immediately prior to the undertaking of the Project) shall then be multiplied by the Level of Assessment used by the Assessor of Nassau County as of the year in which the Closing occurs.

(c) The product of the fair market value of the improvement (less the fair market value of the improved land immediately prior to undertaking of the Project) and the Level of Assessment shall be the Assessed Value of the Improvement.

(5) The "PILOT RATE" shall be the sum of all "Applicable Tax Rates Per Hundred", exclusive of rates used to compute Special Assessments, if any.

(a) For property located outside of an incorporated Village and outside of a City, the "Applicable Tax Rates Per Hundred" shall be the total of all tax rates applicable to the property, exclusive of rates used to compute

Special Assessments, if any. The "Applicable Tax Rates Per Hundred" shall be evidenced by School Tax Bills and General Tax Bills based on the most recent data available to the Agency as of the year that Closing has occurred with the Agency.

(b) For property located within an incorporated Village, the "Applicable Tax Rates Per Hundred" shall be the total of all tax rates applicable to the property, exclusive of rates used to compute Special Assessments, if any. The "Applicable Tax Rates Per Hundred" shall be evidenced by School Tax Bills, General Tax Bills and Village Tax Bills based on the most recent data available to the Agency as of the year that that Closing has occurred with the Agency. If a Village does not use the Nassau County Assessment Roll to compute Village Taxes, the Village tax rate shall be equalized so that the tax rate reflected on the Village Tax Bills is adjusted so that it is based on an assessed value that is equal to the Assessed Value of the Improvement.

(c) For property located within a City, the "Applicable Tax Rates Per Hundred" shall be the total of all tax rates applicable to the property, exclusive of rates used to compute Special Assessments, if any. The "Applicable Tax Rates Per Hundred" shall be evidenced by School Tax Bills, General Tax Bills and City Tax Bills based on the most recent data available to the Agency as of the year that Closing has occurred with the Agency. If a City does not use the Nassau County Assessment Roll to compute City Taxes, the City tax rate shall be equalized so that the tax rate reflected on the City Tax Bills is adjusted so that it is based on an assessed value that is equal to the Assessed Value of the Improvement.

(d) If property is located partially within an incorporated Village and partially without an incorporated Village, the "Applicable Tax Rates Per Hundred" shall be the total of all tax rates applicable to the property, exclusive of rates used to compute Special Assessments, if any. The "Applicable Tax Rates Per Hundred" shall be evidenced by School Tax Bills, General Tax Bills and Village Tax Bills based on the most recent data available to the Agency as of the year that Closing has occurred with the Agency. If a Village does not use the Nassau County Assessment Roll to compute Village Taxes, the Village tax rate shall be equalized so that the tax rate

reflected on the Village Tax Bills is adjusted so that it is based on an assessed value that is equal to the Assessed Value of the Improvement.

(e) If property is located partially within a City and partially without a City, the "Applicable Tax Rates Per Hundred" shall be the total of all tax rates applicable to the property, exclusive of rates used to compute Special Assessments, if any. The "Applicable Tax Rates Per Hundred" shall be evidenced by School Tax Bills, General Tax Bills and City Tax Bills based on the most recent data available to the Agency as of the year that Closing has occurred with the Agency. If a City does not use the Nassau County Assessment Roll to compute City Taxes, the City tax rate shall be equalized so that the tax rate reflected on the City Tax Bills is adjusted so that it is based on an assessed value that is equal to the Assessed Value of the Improvement.

v. The amount of the PILOT for an Improvement Project shall be adjusted and phased in as set forth in Schedule B attached hereto which is incorporated herein with the same force and effect as if more fully set forth at length herein.

e. PILOT SCHEDULE FOR AN ADAPTIVE REUSE PROJECT.

i. For purposes of this Policy, the term "Adaptive Reuse Project" shall mean a Project involving the acquisition, renovation, installation and/or equipping of a Project property without material improvement or expansion.

ii. An Applicant that is developing an Adaptive Reuse Project shall enter into a PILOT Agreement that shall commence on the Closing Date of the Project transaction (the "Commencement Date").

iii. The duration of the PILOT Agreement shall be ten (10) years commencing on the "Effective Date" for each Affected Taxing Jurisdiction. The "Effective Date" for each Affected Taxing Jurisdiction shall be the first day of the first tax year occurring after the first tax status date occurring after the Closing Date of the Project transaction, subject to Section 4(b)(iv) of this Policy.

iv. The amount of the Adaptive Reuse Project PILOT shall be computed as follows:

(1) For the period commencing on the Commencement Date to and including the day prior to the Effective Date, the PILOT shall be equal to one hundred percent (100%) of the taxes and assessment that would be levied upon the Project by the respective Affected

Taxing Jurisdictions without taking into consideration the transfer of ownership, jurisdiction, supervision or control of the Project to the Agency.

(2) For the period commencing on the Effective Date and continuing for ten (10) full tax years thereafter, the amount of the PILOT shall be equal to the BASE PILOT adjusted as set forth below.

(a) The BASE PILOT shall be equal to the product of (i) the assessed value, as determined by the Agency, that should apply to the improved Project property as of the Closing Date, and (ii) most recent tax rate data available to the Agency as of the Closing Date. The Agency shall determine the assessed value that should apply to the improved Project property as of the Closing Date and may accept input, in its discretion, from governmental assessing authorities and/or use independent consultants to assist in the determination of the assessed value, the cost of which shall be borne by the Applicant.

(b) The BASE PILOT shall be payable each tax year for a period of ten (10) full tax years, with annual increases equal to the applicable New York State real property tax cap in effect as of the closing date, such increases to be made for each tax year after the third (3rd) tax year (i.e., Years 4-10 of the term of the PILOT).[1]

(c) In accordance with Section 11 of this Policy, the BASE PILOT shall be reduced by the amount of Special Assessments, if any. The BASE PILOT shall not otherwise decrease or increase over the duration of the PILOT Agreement.

5. DEVIATION FROM PILOT

a. The Agency shall have the right, but not the obligation, to deviate from the PILOT schedules set forth in sections 4.c. , 4.d. and 4.e. of this Policy in terms of duration, amounts and phase-in of such PILOT, as applicable.

b. Such deviation may be considered by the Agency upon request of the Applicant or upon its own motion.

c. Any such deviation will be made only with the specific approval of the Agency's members after giving consideration to the following factors:

i. The ability of the Project to achieve the goals of the Agency's Strategic Financial Assistance Policy, as it may be amended from time to time;

[1] If no property tax cap is in effect as of the closing date, use 2% per annum increases.

ii. The environmental benefits of a Project, including, without limitation, the "Green" component and/or the LEED certification of a Project, if any;

iii. The manner and extent to which the Project complies with the enumerated factors set forth in §874(4)(a) of the Act as amended from time to time;

iv. Consideration of other factors, which in the opinion of the Agency justify such deviation.

d. Prior to granting any such deviation, the Agency shall notify the Affected Taxing Jurisdictions of the proposed deviation and the reasons therefore, as required by the Act.

6. RECAPTURE OF BENEFITS

a. A "Recapture Event" is defined as:

i. A finding by the Agency that an Applicant has submitted an application, or documentation in support of an application that contained a knowingly false or knowingly misleading statement as to any fact which is material to the Project Applicant's application for benefits or which omitted any information which, if included, would have rendered any material information in the application or supporting documentation false or misleading in any material respect, and that such knowingly false or knowingly misleading statement or such omission was made knowingly and intentionally for the purpose of obtaining Financial Assistance; and

ii. A "Recapture Event" as defined by any of the Project Documents, which may include, without limitation, those Recapture Events set forth in the Agency's Uniform Project Agreement adopted pursuant to Section 859-a of the Act; and

iii. With respect to a sales and use tax exemption granted by the Agency for a Project, the use of such exemption (i) in a manner that is not authorized or for which the Project Applicant (or any contractor or subcontractor engaged by the Project Applicant and approved by the Agency as its agent) is not entitled to claim an exemption, (ii) to claim exemptions in excess of the maximum sales tax benefit authorized by the Agency for such Project, (iii) to purchase or lease goods or services that are not authorized under the Project Documents, or (iv) in a manner that violates the provisions of the Project Documents.

b. The term "Benefits" shall mean all direct monetary benefits, tax exemptions and other financial assistance, if any, derived solely from the Agency's participation in the

transaction contemplated by the Project Documents including, but not limited to, the interest savings to an Applicant resulting from the issuance of tax exempt or taxable bonds by the Agency, plus the amount equal to 100% of any exemption from any applicable mortgage recording tax with respect to the Project on mortgages granted by the Agency, sales or use tax exemptions and real property tax abatements (as calculated for the period selected by the Agency) granted under the Project.

c. Upon a finding by the Executive Director of the Agency that a Recapture Event has occurred, and subject to the provisions of the Project Documents, the Agency may require the Applicant to pay to the Agency as a return of Benefits conferred by the Agency, an amount as follows (the "Recapture Schedule"):

i. one hundred per cent (100%) of the Benefits if the Recapture Event occurs on or before the fifth (5th) anniversary of the Closing;

ii. eighty per cent (80%) of the Benefits if the Recapture Event occurs after the fifth (5th) anniversary of the Closing but on or before the sixth (6th) anniversary of the Closing;

iii. sixty per cent (60%) of the Benefits if the Recapture Event occurs after the sixth (6^{th}) anniversary of the Closing but on or before the seventh (7^{th}) anniversary of the Closing Date;

iv. forty per cent (40%) of the Benefits if the Recapture Event occurs after the seventh (7^{th}) anniversary of the Closing but on or before the eighth (8^{th}) anniversary of the Closing Date;

v. twenty per cent (20%) of the Benefits if the Recapture Event occurs after the eighth (8^{th}) anniversary of the Closing but on or before the ninth (9^{th}) anniversary of the Closing Date;

vi. ten per cent (10%) of the Benefits if the Recapture Event occurs after the ninth (9^{th}) anniversary of the Closing but on or before the tenth (10^{th}) anniversary of the Closing; or

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

d. Notwithstanding the foregoing, if the Agency grants an exemption from real property taxes for a period of more than ten (10) years, then the Recapture Schedule shall be as follows:

i. one hundred per cent (100%) of the Benefits if the Recapture Event occurs when fifty percent (50%) or more of the total term of the PILOT Agreement would remain after the date of the Recapture Event (measured as if the Project Documents are not terminated);

ii. eighty per cent (80%) of the Benefits if the Recapture Event occurs when less than fifty percent (50%) but forty percent (40%) or more of the total term of the PILOT Agreement would remain after the date of the Recapture Event (measured as if the Project Documents are not terminated);

iii. sixty per cent (60%) of the Benefits if the Recapture Event occurs when less than forty percent (40%) but thirty percent (30%) or more of the total term of the PILOT Agreement would remain after the date of the Recapture Event (measured as if the Project Documents are not terminated);

iv. forty per cent (40%) of the Benefits if the Recapture Event occurs when less than thirty percent (30%) but twenty percent (20%) or more of the total term of the PILOT Agreement would remain after the date of the Recapture Event (measured as if the Project Documents are not terminated);

v. twenty per cent (20%) of the Benefits if the Recapture Event occurs when less than twenty percent (20%) but ten percent (10%) or more of the total term of the PILOT Agreement would remain after the date of the Recapture Event (measured as if the Project Documents are not terminated); or

vi. ten per cent (10%) of the Benefits if the Recapture Event occurs when less than ten percent (10%) of the total term of the PILOT Agreement would remain after the date of the Recapture Event (measured as if the Project Documents are not terminated); or

vii. zero percent (0%) of the Benefits after the term of the PILOT Agreement has expired.

e. Notwithstanding anything to the contrary contained above, the good faith failure of an Applicant to meet any specific employment numbers set forth in the Application or documentation supporting the application shall not be deemed to be false or misleading in any material respect.

f. Upon the occurrence of a Recapture Event, the Agency may, depending on the circumstances, make a determination not to impose a recapture of Benefits as set forth in subsection (c) or (d) above and enter into a modification of the PILOT Agreement with the Applicant to require increased payments in lieu of real property taxes. Such circumstances may include, but are not limited to, partial compliance by the Applicant with respect to a material covenant, condition or agreement in the Project Documents (e.g., partial compliance with a job covenant).

g. Subject to the provisions of the Project Documents, conditions reflective of the Applicant's business cycle or conditions, including loss of major sales, revenues, distribution or other adverse business developments and/or local, national or international economic conditions, trade issues or industry wide conditions may be taken into consideration by the Agency before determining whether to impose a recapture of Benefits or to enter into a modification of the PILOT Agreement.

h. Unless otherwise provided for by Applicable Law, upon the collection of a recapture of Benefits from an Applicant, the Agency shall redistribute or cause to be redistributed such recaptured Benefits to the appropriate affected tax jurisdiction(s), unless agreed to otherwise by any local taxing jurisdiction.

i. Notwithstanding any provision of this Section 6 to the contrary, upon a finding by the Agency that a Recapture Event has occurred at any time during the term of the Project Documents, the Agency shall require that the Applicant pay to the Agency as a return of sales and use tax benefits conferred by the Agency, an amount equal to 100% of the amount of sales and use tax exemptions claimed by or on behalf of the Applicant in connection with a Project. The Agency shall remit to the State of New York the portion of such benefits constituting "State Sales and Use Taxes" to the extent required by Section 875 of the General Municipal Law. "States Sales and Use Taxes" shall mean sales and compensating use taxes and fees imposed by Article 28 or Article 28-A of the New York State Tax Law, but excluding such taxes imposed in a city by Section 1107 or Section 1108 of such Article 28.

7. SUSPENSION OR DISCONTINUANCE OF BENEFITS

a. A "Suspension/Discontinuance Event" is defined as: (i) a default or violation in the performance or observance of any material covenant, condition or agreement on the

part of the Applicant in any Project Document and the continuance thereof for a specified period after written notice thereof is given by the Agency to the Applicant, or, if such material covenant, condition or agreement is capable of cure but cannot be cured within a specified period, the failure of the Applicant to commence to cure within such specified period and to prosecute the cure to completion with due diligence, (ii) if any certificate, statement, representation, warranty or financial statement made to the Agency by or on behalf of the Applicant shall prove to have been false, misleading or incorrect in any material respect at the time as of which the facts therein set forth were made, or to have omitted any material liability or claim against the Applicant, or (iii) the occurrence of an "Event of Default" as defined by any of the Project Documents.

b. Upon a finding by the Executive Director that a Suspension/Discontinuance Event has occurred, and subject to the provisions of the Project Documents, the Agency may (but shall not be required to dos so), inter alia, (i) terminate the Project Documents, and/or (ii) suspend the right of the Company (and its contractors and subcontractors approved by the Agency as its agents) to act as agent for the Agency in connection with the project, including, without limitation, as its agent for the purpose of the sales and use tax exemption granted pursuant to the Project Documents, and/or (iii) discontinue the payments required by the PILOT Agreement and require the Applicant to make payments in lieu of real property taxes under the PILOT Agreement in amounts equal to the amounts the Applicant would otherwise be required to pay if the Applicant were the owner of the project facility (and the Agency did not hold an interest therein), and/or (iv) suspend or discontinue any other Benefits provided by the Agency to the Applicant with respect to the Project.

c. Upon the occurrence of a Suspension/Discontinuance Event, the Agency may, depending on the circumstances, make a determination not to impose one (1) or more of the remedies set forth in subsection (b) above and enter into a modification of the PILOT Agreement with the Applicant to require increased payments in lieu of real property taxes. Such circumstances may include, but are not limited to, partial compliance by the Applicant with respect to a material covenant, condition or agreement in the Project Documents (e.g., partial compliance with a job covenant).

d. Subject to the provisions of the Project Documents, conditions reflective of the Applicant's business cycle or conditions, including loss of major sales, revenues, distribution or other adverse business developments and/or local, national or international economic conditions, trade issues or industry wide conditions may be taken into consideration by the Agency before determining whether a Suspension/Discontinuance Event has occurred.

8. EFFECTIVE DATE

a. This Policy shall be effective as of [_____ __], 2017 and shall apply to all Projects that the Agency approves after [_____ __] 2017. It shall not, however, apply to any Projects approved by the Agency on or prior to [____ __], 2017 whether or not such Projects are subsequently refinanced or modified, unless otherwise determined by the Agency.

9. AMENDMENTS

a. The Agency, by resolution of its members, may amend or modify this Policy as it may, from time to time, in its sole discretion determine.

10. RELATIONSHIP WITH PROJECT DOCUMENTS

a. This Policy is intended to be a guide to the granting of Financial Assistance by the Agency.

b. In the event that there is an inconsistency between this Policy and any Project Document, the terms and conditions of the Project Document shall prevail.

11. SEVERABILITY

a. If any portion of this Policy is found by a Court of competent jurisdiction to be illegal, invalid or unenforceable, the remainder of the Policy shall not be affected and, in lieu of any provision that is found to illegal, invalid or unenforceable, a provision that is as similar to the illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable will be submitted to the members of the Agency for consideration and adoption.

11. SPECIAL ASSESSMENTS ADJUSTMENT

PILOT Agreements will typically provide that the amount of the PILOT payments under a PILOT Agreement for each fiscal tax year, shall be reduced (but not below $0) by the amount, if any, of Special Assessments assessed against or levied upon the Project. 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 Applicant to receive such bill shall in no event affect the Applicant'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 applicable PILOT payments for such fiscal tax year (such excess is hereinafter referred to as an "SA Credit"), or (ii) the amount of the applicable PILOT payment for a particular fiscal tax year is 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 the PILOT payments under the PILOT Agreement, then the Applicant shall not be entitled to (a) take such SA Credit against any further payments hereunder or against real property taxes assessed against the Project, or (b) an extension of the term of the PILOT Agreement.

EXHIBIT A

STANDARD FORM PILOT AGREEMENT

See Attached

SCHEDULE A

PILOT SCHEDULE FOR NEW CONSTRUCTION

SCHEDULE A: NEW CONSTRUCTION PROJECT			
Begin	End	Assessed Value of Improvement ("AV")	PILOT RATE
Commencement Date	1 day prior to Effective Date	N/A	N/A
Effective Date	1 yr Anniversary of Effective Date	.00 * AV	SUM OF TAX RATES AS OF YEAR OF CLOSING "RATE")
1 yr Anniversary of Effective Date	2 yr Anniversary of Effective Date	.10 * AV	RATE
2 yr Anniversary of Effective Date	3 yr Anniversary of Effective Date	.20 * AV	RATE
3 yr Anniversary of Effective Date	4 yr Anniversary of Effective Date	.30 *AV	RATE * ____[2]
4 yr Anniversary of Effective Date	5 yr Anniversary of Effective Date	.40*AV	RATE * ____
5 yr Anniversary of Effective Date	6 yr Anniversary of Effective Date	.50*AV	RATE * ____
6 yr Anniversary of Effective Date	7 yr Anniversary of Effective Date	.60*AV	RATE * ____
7 yr Anniversary of Effective Date	8 yr Anniversary of Effective Date	.70*AV	RATE * ____
8 yr Anniversary of Effective Date	9 yr Anniversary of Effective Date	.80*AV	RATE * ____
9 yr Anniversary of Effective Date	10 yr Anniversary of Effective Date	.90* AV	RATE * ____
LAND PILOT	IMPROVEMENT PILOT	TOTAL PILOT	
100 % of taxes as of year of Closing	100 % of taxes as of year of Closing	LAND PILOT + IMPROVEMENT PILOT	
100% of taxes as of year of Closing	AV* PILOT RATE	LAND PILOT + IMPROVEMENT PILOT	
100% of taxes as of year of Closing	AV* PILOT RATE	LAND PILOT + IMPROVEMENT PILOT	
100% of taxes as of year of Closing	AV* PILOT RATE	LAND PILOT + IMPROVEMENT PILOT	
100% of taxes as of year of Closing	AV* PILOT RATE	LAND PILOT + IMPROVEMENT PILOT	
100% of taxes as of year of Closing	AV* PILOT RATE	LAND PILOT + IMPROVEMENT PILOT	
100% of taxes as of year of Closing	AV* PILOT RATE	LAND PILOT + IMPROVEMENT PILOT	
100% of taxes as of year of Closing	AV* PILOT RATE	LAND PILOT + IMPROVEMENT PILOT	
100% of taxes as of year of Closing	AV* PILOT RATE	LAND PILOT + IMPROVEMENT PILOT	
100% of taxes as of year of Closing	AV* PILOT RATE	LAND PILOT + IMPROVEMENT PILOT	
100% of taxes as of year of Closing	AV* PILOT RATE	LAND PILOT + IMPROVEMENT PILOT	

[2] The rate shall be increased by the applicable New York State real property tax cap in effect as of the closing date (compounded). If no property tax cap is in effect as of the closing date, use 2% per annum increases.

SCHEDULE B: IMPROVEMENT PROJECT				
Period	Begin	End	Assessed Value of Improvement ("AV")	PILOT RATE
1	Commencement Date	1 day prior to Effective Date	N/A	N/A/
2	Effective Date	1 yr Anniversary of Effective Date	.00 * AV	SUM OF TAX RATES AS OF YEAR OF CLOSING ("RATE")
3	1 yr Anniversary of Effective Date	2 yr Anniversary of Effective Date	.10 * AV	RATE
4	2 yr Anniversary of Effective Date	3 yr Anniversary of Effective Date	.20 * AV	RATE
5	3 yr Anniversary of Effective Date	4 yr Anniversary of Effective Date	.30 *AV	RATE * 1.02
6	4 yr Anniversary of Effective Date	5 yr Anniversary of Effective Date	.40*AV	RATE * 1.0404
7	5 yr Anniversary of Effective Date	6 yr Anniversary of Effective Date	.50*AV	RATE * 1.0612
8	6 yr Anniversary of Effective Date	7 yr Anniversary of Effective Date	.60*AV	RATE * 1.0824
9	7 yr Anniversary of Effective Date	8 yr Anniversary of Effective Date	.70*AV	RATE * 1.1041
10	8 yr Anniversary of Effective Date	9 yr Anniversary of Effective Date	.80*AV	RATE * 1.1262
11	9 yr Anniversary of Effective Date	10 yr Anniversary of Effective Date	.90* AV	RATE * 1.1487
Period	BASE PILOT	IMPROVEMENT PILOT	TOTAL PILOT	
1	100 % of taxes as of year of Closing	100 % of taxes as of year of Closing	BASE PILOT + IMPROVEMENT PILOT	
2	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
3	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
4	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
5	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
6	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
7	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
8	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
9	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
10	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	
11	100% of taxes as of year of Closing	AV*PILOT RATE	BASE PILOT + IMPROVEMENT PILOT	

Nassau County Industrial Development Agency

Disaster Preparedness Addendum to Uniform Tax Exemption Policy

Adopted January 31, 2013

As a result of the storm commonly known as "Hurricane Sandy" that struck Nassau County and other parts of the State of New York on October 29-30, 2012, significant portions of Nassau County were without electrical power for as long as two (2) weeks or more. During this period, many retail gas stations in Nassau County were without electricity and therefore unable to pump gasoline, diesel and other automotive fuel products, even though many of these stations had such fuel products in their underground storage tanks. The resultant hardships for the residents and businesses of Nassau County as well as the drag on the economy of Nassau County are well documented and have been widely publicized.

The Nassau County Industrial Development Agency ("the Agency") desires to mitigate the effects of similar mass power outages in the future and, therefore, desires to adopt this Disaster Preparedness Addendum to its Uniform Tax Exemption Policy (this "Addendum"). The purposes of the Agency include the promotion of economic development, the prevention of economic deterioration and the advancement of employment opportunities to improve the general prosperity and economic welfare of the people of Nassau County and the members of the Agency find that the special "financial assistance" (as such quoted term is defined in Article 18-A of the General Municipal Law, as amended) contemplated by this Addendum (the "Special Financial Assistance") will further the Agency's purposes.

The granting of the Special Financial Assistance is governed by Article 18-A of the General Municipal Law, as amended (the "Act") and by applicable Federal and State common and statutory laws (collectively, the "Applicable Laws").

As required by the Act, this Addendum provides a uniform policy for the granting by the Agency only of exemptions from sales and use taxes and real property taxes with respect to Disaster Recovery Equipment and Vital Infrastructure Facilities (as such terms are hereinafter defined). Except as expressly modified herein, the Agency's Uniform

Tax Exemption Policy re-adopted on June 22, 2011 (the "UTEP") remains in full force and effect, and any reference to the UTEP shall mean the UTEP as amended by this Addendum.

1. GENERAL PROCEDURE

a. The Applicable Laws, the Agency's policies and procedures and the UTEP determine those "projects" (as such quoted term is defined in Article 18-A of the General Municipal Law, as amended) that are eligible to receive Special Financial Assistance (collectively, "Special Projects").

b. A company that desires to receive Special Financial Assistance (an "Applicant") must present its proposal to the Agency in accordance with procedures adopted by the Agency, as same may be amended from time to time, including, without limitation, by submitting an Application for Special Financial Assistance in a form acceptable to and prescribed by the Agency from time to time.

c. In conformity with its policies and procedures, and in compliance with Applicable Laws, the Agency may, in its discretion, approve a proposed Special Project by adopting an Inducement Resolution and thereafter proceed to Closing on such Special Project. For purposes of this Addendum, the term "Closing" means the date the Agency acquires ownership or other interest in, or jurisdiction, supervision or control over a Special Project.

d. At Closing, the Applicant will be required to execute documents that will (i) convey ownership or other interest in, or jurisdiction, supervision or control over the Vital Infrastructure Facility to the Agency and (ii) govern the terms and conditions pursuant to which the Agency shall grant Special Financial Assistance to the Applicant (such documents are referred to as the "Project Documents").

e. For purposes of this Addendum, the term "Disaster Recovery Equipment" shall mean back-up generators and other alternative power supply systems, together with the wiring, conduits, switches and other installations necessary or appropriate to maintain a safe and commercially reasonable level of power supply to a Vital Infrastructure Facility in the event of a loss or other inability to receive regular electrical power from the public supplier thereof. For purposes of this Addendum, the term "Vital Infrastructure Facility"

shall mean any commercial retail establishment whose primary purpose is the sale of gasoline, diesel fuel, ethanol and/or biofuel to the public.

2. SALES AND USE TAX EXEMPTION

a. Disaster Recovery Equipment that is purchased or leased in connection with a qualified Special Project shall be exempt from local and state sales and use taxes for the period commencing with the Closing and ending on the date (as such date may be extended in the sole discretion of the Agency) that the Project Documents require completion to occur in respect of the undertaking of the Special Project.

b. Operating and maintenance expenses of Special Projects are not incurred as agent of the Agency , and no sales tax exemption is provided for operating and maintenance expenses.

c. The Agency shall issue a letter that sets forth the parameters of the sales and use tax exemption (the "Special Tax Letter"), which Special Tax Letters shall be subject to all Applicable Laws and the provisions of the UTEP that govern the granting of an exemption from sales and use taxes.

3. MORTGAGE RECORDING TAX EXEMPTION

a. The Agency is not authorizing the granting of an exemption from mortgage recording tax with respect to Special Projects under this Addendum.

4. ABATEMENT OF REAL PROPERTY TAXES

a. Each Special Project receiving abatement from real property taxes will be required to execute and deliver a Payment in Lieu of Tax Agreement in a form acceptable to and prescribed by the Agency (the "Special PILOT Agreement"), which Special PILOT Agreement shall be subject to all Applicable Laws and the provisions of the UTEP that govern the granting of an exemption from real property taxes.

b. An Applicant that proposes to purchase and install Disaster Recovery Equipment for a Vital Infrastructure Facility shall be eligible (subject to the other provisions hereof) for a PILOT as follows:

i. the cost of the acquisition and installation of Disaster Recovery Equipment (including all filing fees and other attendant costs), as determined by the Agency in its sole discretion, shall be the "Total PILOT Credit".

ii. the amount of the taxes and assessments that would be levied upon the Vital Infrastructure Facility by the respective Affected Taxing Jurisdictions without taking into consideration the transfer of ownership, jurisdiction, supervision or control of the Special Project to the Agency (the "Otherwise Applicable Taxes") shall be reduced (but not below $0 in each year), for each of ten (10) consecutive years, by one-tenth ($1/10^{th}$) of the Total PILOT Credit (the "Annual PILOT Credit").

c. Notwithstanding any provision of this Addendum to the contrary, the real property tax exemption for a Special Project shall not take effect until all of the following occur: (1) the first tax status date for an Affected Taxing Jurisdiction occurs subsequent to filing of the Exemption Form; (2) the real property is noted as "Exempt" on the assessment roll for such Affected Taxing Jurisdiction; (3) such assessment roll becomes the basis for the preparation of a tax roll for the Affected Taxing Jurisdiction and (4) the tax year related to such tax roll commences.

d. The Annual PILOT Credit shall be credited against Otherwise Applicable Taxes in the same proportion that PILOT Payments are allocated to the Affected Taxing Jurisdictions pursuant to Section 874 of the Act.

5. DEVIATION FROM PILOT

a. The Agency shall have the right, but not the obligation, to deviate from the PILOT schedules set forth in Section 4 of this Addendum in terms of duration, amounts and phase-in of such PILOT.

b. Such deviation may be considered by the Agency upon request of the Applicant or upon its own motion.

c. Any such deviation will be made only with the specific approval of the Agency 's members after giving consideration to the factors set forth in the UTEP and in Section 874(a) of the Act and such other factors which, in the opinion of the members of the Agency, justify such deviation.

d. Prior to granting any such deviation, the Agency shall notify the Affected Taxing Jurisdictions of the proposed deviation and the reasons therefore, as required by the Act.

6. EFFECTIVE DATES

   a. This Addendum shall be effective as of January 31, 2013 and shall apply to all Special Projects which the Agency approves after January 31, 2013; provided, however, that the Agency may also approve a request for an exemption from real property taxes with respect to a Special Project in which an Applicant acquired Disaster Recovery Equipment on or after November 1, 2012.

7. AMENDMENTS

   a. The Agency, by resolution of its members, may amend or modify this Addendum as it may, from time to time, in its sole discretion determine.

8. RELATIONSHIP WITH PROJECT DOCUMENTS

   a. This Addendum is intended to be a guide to the granting of Financial Assistance by the Agency.

   b. In the event that there is an inconsistency between this Addendum and any Project Document, the terms and conditions of the Project Document shall prevail.

9. SEVERABILITY

If any portion of this Addendum is found by a Court of competent jurisdiction to be illegal, invalid or unenforceable, the remainder of the Addendum shall not be affected and, in lieu of any provision that is found to illegal, invalid or unenforceable, a provision that is as similar to the illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable will be submitted to the members of the Agency for consideration and adoption.